

FORM PTO-1595 (Modified)  
(Rev. 03-01)  
OMB No. 0651-0027 (exp.5/31/2002)  
P08A/REV03

## RECORDATION FORM COVER SHEET

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

## PATENTS ONLY

Tab settings → → → ▼ ▼ ▼ ▼ ▼ ▼ ▼ ▼

To the Director of the United States Patent and Trademark Office: Please record the attached original documents or copy thereof.

## 1. Name of conveying party(ies):

D-Brake, LLC

Additional names(s) of conveying party(ies)

☐ Yes ☒ No

## 3. Nature of conveyance:

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Other

Execution Date: April 11, 2003

## 2. Name and address of receiving party(ies):

Name: Connecticut Innovations, Incorporated

Address: 999 West Street

City: Rocky Hill, State/Prov.: CT

Country: USA ZIP: 06067

Additional name(s) & address(es)

☐ Yes ☒ No

## 4. Application number(s) or patent numbers(s):

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

Patent Application No.

Filing date

B. Patent No.(s)

5,003,829

5,358,077

Additional numbers

☐ Yes ☒ No

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

Name: William J. Cass

Registration No. 41,659

Address: Cantor Colburn LLP

55 Griffin Road South

City: Bloomfield, State/Prov.: CT

Country: USA ZIP: 06002

## 6. Total number of applications and patents involved:

2

7. Total fee (37 CFR 3.41):.....\$ 80.00

☐ Enclosed - Any excess or insufficiency should be credited or debited to deposit account

☒ Authorized to be charged to deposit account

## 8. Deposit account number:

06-1130

(Attach duplicate copy of this page if paying by deposit account)

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.

William J. Cass

Name of Person Signing

Signature

October 15, 2003

Date

24

Total number of pages including cover sheet, attachments, and

Mail documents to be recorded with required cover sheet information to:  
Mail Stop Assignment Recordation Services  
Director of the United States Patent and Trademark Office  
P.O. Box 1450, Alexandria, VA 22313-1450

PATENT

REEL: 014051 FRAME: 0252

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## **SECURITY AGREEMENT**

This **SECURITY AGREEMENT** is made as of April 22, 2003 between **CONNECTICUT INNOVATIONS, INCORPORATED**, a Connecticut corporation, with an office located at 999 West Street, Rocky Hill, Connecticut 06067, (the "**Secured Party**") and **D-BRAKE, LLC**, a Connecticut limited liability company, with an office located at One Pucci Park, New Britain, Connecticut 06051 (the "**Debtor**").

### **W I T N E S S E T H:**

**WHEREAS**, in connection with a certain Financing Purchase Agreement dated as of even date herewith between the Debtor and the Secured Party (the "**Purchase Agreement**"), the Secured Party sold certain Financing Documents (as defined by the Purchase Agreement) and rights, security interests and liens granted thereby to the Debtor; and

**WHEREAS**, the purchase price for the Financing Documents is evidenced by the issuance of a certain Secured Promissory Note to the Secured Party by the Debtor, which is in the original principal amount of \$165,000 and dated as of even date herewith (the "**Note**"); and

**WHEREAS**, pursuant to the terms of the Purchase Agreement, and in order to secure the obligations of the Debtor under the Note, the Debtor and Secured Party wish to enter into this Security Agreement;

**NOW, THEREFORE**, in consideration of the premises and to induce the Secured Party to enter into the Purchase Agreement and accept the Note, the Debtor hereby agrees with the Secured Party as follows:

1. **Defined Terms.**

(a) Unless otherwise defined herein, terms, which are defined in the Note and used herein, are so used and defined.

(b) The following terms shall have the following meanings:

**"Accounts"** means "accounts" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or any other "accounts" relating to any other Collateral.

**"Accessions"** means "accessions" as defined in Article 9.

**"Article 9"** means Article 9 of the Code as in effect on and after October 1, 2001, the effective date of Public Act No. 01-132 of the State of Connecticut.

**"As-Extracted Collateral"** means "as-extracted collateral" (as defined in Article 9) that is acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

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**"Chattel Paper"** means "chattel paper" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti or any other "chattel paper" relating to any other Collateral.

**"Code"** means the Uniform Commercial Code as from time to time in effect in the State of Connecticut, including, specifically, Article 9.

**"Collateral"** shall have the meaning assigned to it in Section 2 of this Security Agreement.

**"Collateral Assignment"** means that certain Collateral Assignment of Financing Documents executed by Debtor for the benefit of the Secured Party dated as of the date hereof.

**"Commercial Tort Claims"** means "commercial tort claims" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or which in any way relates to any other Collateral.

**"Consignments"** means "consignments" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Contracts"** means the separate contracts, including without limitation any Licenses, between DeConti and third parties, including without limitation its customers, that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or any other contract relating to any other Collateral, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (a) all rights to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights to damages arising out of, or for, breach or default in respect thereof, and (c) all rights to perform and to exercise all remedies thereunder; but excluding any contracts, the assignment or hypothecation of which, for collateral purposes, would result in a default or require, or cause, a forfeiture or permit a revocation of material rights under such contract.

**"Copyrights"** means (a) all copyrights of the United States or any other country, (b) all copyright registrations filed in the United States or in any other country, and (c) all copyrights for Derivative Works of those copyrights set forth above, that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti; and all Proceeds thereof.

**"Copyright License"** means all agreements, whether written or oral, providing for the grant to use any Copyright, and all Proceeds thereof.

**"DeConti"** means DeConti Industries, Inc.

**"Deposit Accounts"** means "deposit accounts" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or any other "deposit accounts" relating to any other Collateral or Proceeds thereof.

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**"Derivative Work"** or **"Derivative Works"** has the meaning set forth in Section 101 of the U.S. Copyright Act (17 U.S.C. § 101) for "derivative work".

**"Disclosure Schedule"** means the Disclosure Schedule attached hereto.

**"Documents"** means "documents" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or any other "documents" relating to any other Collateral.

**"Encumbrance"** or **"Encumbrances"** means any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest under a financing lease or any analogous arrangements in any of properties or assets, intended as, or having the effect of, security.

**"Equipment"** means "equipment" (as defined in Article 9) that is acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Event of Default"** means an "Event of Default" as defined by the Note.

**"GAAP"** means generally accepted accounting principles as set forth in Statement on Auditing Standards No. 69 entitled "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles in the Independent Auditor's Report" issued by the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.

**"General Intangibles"** means "general intangibles" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Goods"** means "goods" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Governmental Authority"** means any Federal, state, local or foreign court, commission or tribunal, or governmental, administrative or regulatory agency, department, authority, instrumentality or other body.

**"Health-Care-Insurance Receivables"** means "health-care-insurance receivables" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Instruments"** means "instruments" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, or any other "instruments" that relate to any other Collateral.

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**"Inventory"** means "inventory" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Investment Property"** means "investment property" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Letter-of-Credit Rights"** means "letter-of-credit rights" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Letters of Credit"** means "letters of credit" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"License"** or **"Licenses"** means any Patent License, Trademark License and/or Copyright License, individually or collectively.

**"Material Adverse Effect"** means (i) a material adverse effect upon the business, operations, properties, assets or condition (financial or otherwise) of Debtor and its subsidiaries, taken as a whole or (ii) a material adverse effect on the ability of Debtor to perform its obligations under this Security Agreement or any Other Document or the ability of the Secured Party to enforce or collect any of the Obligations. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event does not of itself have such an effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events would result in a Material Adverse Effect.

**"Obligations"** means obligations of Debtor to the Secured Party under the Note.

**"Other Document"** means the Purchase Agreement, the Collateral Assignment or the Note.

**"Other Documents"** means the Purchase Agreement, the Collateral Assignment and the Note.

**"Patents"** means (a) all patents of the United States and all reissues and extensions thereof and (b) all applications for patents of the United States and all divisions, continuations and continuations-in-part thereof or any other country, that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, and all Proceeds thereof.

**"Patent License"** means all agreements, whether written or oral, providing for the grant of any right to manufacture, use or sell any invention covered by a Patent, and all Proceeds thereof.

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**"Payment Intangibles"** means "payment intangibles" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Person"** means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity of whatever nature, whether public or private.

**"Proceeds"** means "proceeds" as defined in Article 9.

**"Promissory Notes"** means "promissory notes" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

**"Requirement of Law"** any requirement of law, rule, regulation or guideline of any Governmental Authority.

**"Security Agreement"** means this Security Agreement, as amended, supplemented, restated or otherwise modified from time to time.

**"Software"** means (a) all the "software" (as such term is defined by Article 9) now existing or hereafter created or acquired, (b) any and all Copyrights or Patents relating thereto (whether or not registered in the United States Copyright Office, United States Patent and Trademark Office or in any similar office or agency of the United States or any other country), (c) all Source Code and object code associated therewith, (d) all documentation, manuals and know-how in connection therewith and (e) all upgrades or versions thereof, that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti, and all Proceeds thereof.

**"Software License"** means any agreement, written or oral, providing for the grant of any right to use any Software, and all Proceeds thereof.

**"Source Code"** means all source code and all updates, releases and/or new versions of the Software.

**"Supporting Obligations"** means "supporting obligations" (as defined in Article 9) that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti or any other "supporting obligations" that relate to any other Collateral.

**"Trademarks"** means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether registered in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof or otherwise and (b) all renewals thereof, that are acquired by Debtor from DeConti on or

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before the date hereof or hereafter acquired by Debtor from DeConti, and all Proceeds thereof, including the goodwill of the business connected with the use of and symbolized by the Trademarks.

**"Trademark License"** means any agreement, written or oral, providing for the grant of any right to use any Trademark and all Proceeds thereof.

**"Vehicles"** means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law under the law of any state that are acquired by Debtor from DeConti on or before the date hereof or hereafter acquired by Debtor from DeConti.

## 2. **Grant of Security Interest.**

(a) As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, Debtor hereby grants to the Secured Party a first in priority security interest in the Financing Documents, and all rights of Debtor therein and created thereby, and all properties, assets and rights acquired by Debtor from DeConti on or before the date hereof (and now owned) or hereafter acquired by the Debtor from DeConti (including without limitation any and all properties, assets and rights acquired pursuant to any rights, by foreclosure or otherwise, under the Financing Documents), wherever located or situated and however defined or classified under Article 9 (the **"Collateral"**).

(b) Without limitation of the foregoing, the Collateral includes any of the following:

- (i) all Accounts;
- (ii) all As-Extracted Collateral;
- (iii) all Chattel Paper;
- (iv) all Commercial Tort Claims, if any, listed and described in Schedule I attached hereto;
- (v) all Consignments;
- (vi) all Contracts;
- (vii) all Copyrights;
- (viii) all Copyright Licenses;
- (ix) all Deposit Accounts;
- (x) all Documents;

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- (xi) all Equipment;
- (xii) all General Intangibles;
- (xiii) all Goods;
- (xiv) all Health-Care-Insurance Receivables;
- (xv) all Instruments;
- (xvi) all Inventory;
- (xvii) all Investment Property;
- (xviii) all Letter-of-Credit Rights;
- (xix) all Letters of Credit;
- (xx) all Patents;
- (xxi) all Patent Licenses;
- (xxii) all Payment Intangibles;
- (xxiii) all Promissory Notes;
- (xxiv) all Software;
- (xxv) all Supporting Obligations;
- (xxvi) all Trademarks;
- (xxvii) all Trademark Licenses;
- (xxviii) all Vehicles; and
- (xxix) to the extent not otherwise included, all Proceeds (including condemnation proceeds), all Accessions and additions thereto and all substitutions and replacements therefore and products of any and all of the foregoing.

3. **Rights of Secured Party; Limitations on Secured Party's Obligations.**

(a) **Debtor Remains Liable under Financing Documents, Accounts and Contracts.**  
Anything herein to the contrary notwithstanding, Debtor shall remain liable under each of the Financing Documents, Accounts and Contracts to observe and perform all the material



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conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to each such Account and in accordance with and pursuant to the terms and provisions of each such Contract and Financing Document. The Secured Party shall not have any obligation or liability under any Account (or any agreement giving rise thereto), under any Contract or under any Financing Document by reason of or arising out of this Security Agreement or the receipt by the Secured Party of any payment relating to such Account, Contract or Financing Document pursuant hereto, nor shall the Secured Party be obligated in any manner to perform any of the obligations of Debtor under or pursuant to any Account (or any agreement giving rise thereto), under or pursuant to any Contract or under or pursuant to any Financing Document, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto), under any Contract or under any Financing Document, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Notice to Account Debtors and Contracting Parties. Upon the request of the Secured Party at any time after the occurrence and during the continuance of an Event of Default, Debtor shall notify account debtors on the Accounts and parties to the Contracts and Financing Documents that the Accounts, the Contracts and the Financing Documents have been assigned to the Secured Party and that payments in respect thereof shall be made directly to the Secured Party. The Secured Party may in its own name or in the name of others communicate with account debtors on the Accounts and parties to the Contracts and Financing Documents to verify with them to its satisfaction the existence, amount and terms of any Accounts, Contracts or Financing Documents.

(c) Analysis of Accounts. The Secured Party shall have the right, at its own expense, to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and Debtor shall furnish all such assistance and information as the Secured Party may reasonably require in connection therewith, provided that the making of the foregoing test verifications shall be at the expense of Debtor if and only if an Event of Default shall have occurred and be continuing. At any time upon the Secured Party's request and after the occurrence and during the continuance of an Event of Default, or in connection with Debtor's annual audit, Debtor, at its sole expense, shall cause its independent public accountants or others selected by Debtor and satisfactory to the Secured Party to furnish to the Secured Party reports showing reconciliations, aging and test verifications of, and trial balances for, the Accounts.

(d) Collections on Accounts. The Secured Party hereby authorizes Debtor to collect the Accounts subject to the Secured Party's direction and control, and the Secured Party may curtail or terminate said authority upon the occurrence and during the continuance of an Event of Default. If required by the Secured Party upon the occurrence and during the continuance of an Event of Default, any payments of Accounts, when collected by Debtor, shall be forthwith (and, in any event, within two (2) business days) deposited by Debtor in the exact form received, duly endorsed by Debtor to the Secured Party if required, in a special collateral account maintained by the Secured Party, subject to withdrawal by the Secured Party only, as hereinafter provided, and,

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until so turned over, shall be held by Debtor in trust for the Secured Party, segregated from other funds of Debtor. Each deposit of any such Proceeds shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit. All Proceeds constituting collections of Accounts while held by the Secured Party (or by Debtor in trust for the Secured Party) shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. If an Event of Default shall have occurred and be continuing, at any time at the Secured Party's election, the Secured Party shall apply all or any part of the funds on deposit in said special collateral account on account of the Obligations, and any part of such funds which the Secured Party elects not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Secured Party to Debtor or to whomsoever may be lawfully entitled to receive the same. At the Secured Party's request during the continuance of an Event of Default, Debtor shall deliver to the Secured Party all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Accounts, including, without limitation, all original orders, invoices and shipping receipts.

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

(a) **Title; No Other Encumbrances.** Except for the Encumbrance granted to the Secured Party pursuant to this Security Agreement and any Encumbrance listed on the Disclosure Schedule, Debtor owns (or will own) each item of the Collateral free and clear of any and all Encumbrances or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as may have been filed in favor of the Secured Party or as may be permitted pursuant to the Note.

(b) **Perfected First Priority Encumbrances.** Except with respect to any Vehicles, the Encumbrances granted pursuant to this Security Agreement constitute perfected Encumbrances on the Collateral (not constituting real property) in favor of the Secured Party, which are prior to all other Encumbrances (except for those Encumbrances listed as such on the Disclosure Schedule) on the Collateral created by Debtor and in existence on the date hereof based upon a search and review of the public files and records referenced in Section 4(a) hereof and which are enforceable as such against all creditors of and purchasers from Debtor and against any owner or purchaser of the real property where any of the Equipment is located and any present or future creditor obtaining a Encumbrance on such real property.

(c) **Accounts.** The amount represented by Debtor to the Secured Party from time to time as owing by each account debtor or by all account debtors in respect of the Accounts will at such time be the correct amount actually owing by such account debtor or debtors thereunder in all material respects. No amount payable to Debtor under or in connection with any Account currently held by Debtor is evidenced by any Instrument or Chattel Paper (other than Contracts with customers constituting Chattel Paper), which has not been delivered to the Secured Party.

(d) **Consents.** No consent of any party (other than Debtor) to any contract is required, or purports to be required, in connection with the execution, delivery and performance of this

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Security Agreement other than consents which the failure of which to obtain will not, when taken together, have a Material Adverse Effect.

5. **Covenants.** The Debtor covenants and agrees with the Secured Party that, from and after the date of this Security Agreement until the Obligations are paid in full:

(a) **Further Documentation: Pledge of Instruments and Chattel Paper.** At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code in effect in any jurisdiction with respect to the Encumbrances created hereby. The Debtor also hereby authorizes the Secured Party to file any such financing or continuation statement without the signature of Debtor to the extent permitted by applicable law solely with respect to the Collateral. A carbon, photographic or other reproduction of this Security Agreement shall be sufficient as a financing statement for filing in any jurisdiction. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument or Chattel Paper (other than Contracts with customers constituting Chattel Paper), such instrument or Chattel Paper shall be immediately delivered to the Secured Party, duly endorsed in a manner satisfactory to the Secured Party to be held as Collateral pursuant to this Security Agreement.

(b) **Indemnification.** The Debtor agrees to pay, and to save the Secured Party harmless from, any and all liabilities, reasonable costs and expenses (including, without limitation, reasonable legal fees and expenses) (i) with respect to, or resulting from any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay not caused by the Secured Party in complying with any Requirement of Law applicable to any of the Collateral, or (iii) in connection with any of the transactions contemplated by this Security Agreement. In any suit, proceeding or action brought by the Secured Party under any Account or Contract for any sum owing thereunder, or to enforce any provisions of any Account or Contract, Debtor will save, indemnify and keep the Secured Party harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from Debtor.

(c) **Maintenance of Records.** The Debtor will keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. The Debtor will mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interests granted hereby. For the Secured Party's further security, the Secured Party shall have a security interest in all of Debtor's books and records pertaining to the

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Collateral, and Debtor shall turn over any such books and records to the Secured Party or to its representatives during normal business hours at the request of the Secured Party.

(d) Right of Inspection. The Secured Party shall at all times have full and free access during normal business hours to all the books, correspondence and records of Debtor, and the Secured Party or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and Debtor agrees to render to the Secured Party, at Debtor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Secured Party and its representatives shall at any reasonable time also have the right to enter into and upon any premises where any of the Inventory or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its interests therein, all subject to the provisions of the Note.

(e) Compliance with Laws, etc. The Debtor will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of Debtor's business; provided, however, that Debtor may contest any Requirement of Law in any reasonable manner which shall not, in the sole opinion of the Secured Party, adversely affect the Secured Party's rights or the priority of its Encumbrances on the Collateral.

(f) Compliance with Terms of Contracts, etc. The Debtor will perform and comply in all material respects with all its obligations under the Contracts and Financing Documents and all its other contractual obligations relating to the Collateral except where such nonperformance and noncompliance could not reasonably be expected to have a Material Adverse Effect.

(g) Payment of Obligations. The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against on Debtor's books in accordance with GAAP.

(h) Limitation on Encumbrances on Collateral. The Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is necessary to remove, any Encumbrance or claim on or to the Collateral, other than the Encumbrances created hereby and those listed on the Disclosure Schedule, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all Persons whomsoever.

(i) Limitations on Dispositions of Collateral. Debtor will not sell, transfer, lease or otherwise dispose of any of the Collateral, or attempt, offer or contract to do so except for (x) sales of Inventory or licenses of Software, Patents, Trademarks or Copyrights in the ordinary course of its business and (y) so long as no Event of Default has occurred and is continuing, the disposition in the ordinary course of business of property not material to the conduct of its business or as otherwise permitted by prior written consent of the Secured Party.

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(j) Limitations on Modifications, Waivers, Extensions of Contracts and Agreements Giving Rise to Accounts. Debtor will not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an account in any manner which could reasonably be expected to have a Material Adverse Effect on the value of such Contracts or Accounts as Collateral when examined in the aggregate, (ii) fail to exercise promptly and diligently its material right under each Contract and each agreement giving rise to an Account (other than any right of termination) where such failure could have a Material Adverse Effect on the value of such Contracts or Accounts when examined in the aggregate, or (iii) fail to deliver to the Secured Party, following its request therefor, a copy of each material demand, notice or document received by it relating in any way to any Contract or any material agreement giving rise to an Account.

(k) Further Identification of Collateral. The Debtor will furnish to the Secured Party, from time to time, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.

(l) Notices. The Debtor will advise the Secured Party promptly, in reasonable detail, at its address set forth in the Purchase Agreement, (i) of any Encumbrance on, or claim asserted against, any of the Collateral, and (ii) of the occurrence of any other event which could reasonably be expected to have a Material Adverse Effect on the aggregate value of the Collateral or on the Encumbrances created hereunder.

(m) Changes in Locations, Name, etc. The Debtor will not (i) change the location of its chief executive office and chief place of business from One Pucci Park, New Britain, CT 06051 or jurisdiction of incorporation or organization from the State of Connecticut, or (ii) change its name, identity or structure to such an extent that any financing statement filed by the Secured Party in connection with this Security Agreement would become materially misleading or faulty under Article 9, unless it shall have given the Secured Party at least thirty (30) days prior written notice thereof.

(n) Maintenance of Equipment. The Debtor will maintain each item of Equipment in good operating condition, except for ordinary wear and tear and immaterial impairments of value and damage by the elements, and will provide all maintenance, service and repairs necessary for such purpose except where the failure to maintain such Equipment could not reasonably be expected to have a Material Adverse Effect.

(o) Patents, Software, Copyrights and Trademarks.

(i) Unless otherwise agreed in writing by Secured Party prior to the occurrence of any of the following events, Debtor (either itself or through licensees) will, except with respect to any Trademark that Debtor shall reasonably determine is of negligible economic value to it, (i) continue to use each Trademark on each and every trademark class of goods in order to maintain such Trademark in full force, free from any claim of abandonment for non-use, (ii) maintain, as in the past, the quality of products and services offered under such Trademark,

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(iii) with respect to a registered Trademark, employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Secured Party shall obtain a perfected security interest in such mark pursuant to this Security Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(ii) The Debtor will not do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(iii) The Debtor will notify the Secured Party immediately if it knows, or has reason to know, that any application or registration relating to any Patent, Software, Copyright or Trademark may become abandoned or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in any country) regarding Debtor's ownership of any Patent, Software, Copyright or Trademark or its right to register the same or to keep and maintain the same.

(iv) Whenever Debtor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Patent, Software or Trademark with the United States Patent and Trademark Office or any Copyright or Software with the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, Debtor shall report such filing to the Secured Party within five (5) business days after the last day of the fiscal quarter in which such filing occurs.

(v) The Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Secured Party may request to evidence the Secured Party's security in any Patent, Software, Copyright or Trademark and the goodwill and general intangibles of Debtor relating thereto or represented thereby, and Debtor hereby constitutes the Secured Party its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed. Such power being coupled with an interest is irrevocable until the Obligations are paid in full and the commitment is terminated.

(vi) The Debtor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of any registered Patents, Software, Copyrights or Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(vii) In the event that any material Patent, Software, Copyright or Trademark included in the Collateral is infringed, misappropriated or diluted by a third party, Debtor shall promptly notify the Secured Party after it learns thereof and shall promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as

Debtor shall reasonably deem appropriate under the circumstances to protect such Patent, Software, Copyright or Trademark.

(viii) Upon execution hereof, the Debtor shall deliver to Secured Party copies of all items subject to the Copyrights and upon the registration of any Derivative Work of the Copyrights, the Debtor shall deliver copies of such Derivative Work to Secured Party.

(p) Inventory. None of the Inventory of Debtor shall be evidenced by a warehouse receipt.

(q) Commercial Tort Claims. The Debtor shall promptly notify the Secured Party in writing upon incurring or otherwise obtaining a Commercial Tort Claim against any third party, and upon request of the Secured Party, promptly enter into an amendment to this Agreement or a supplement to Schedule I and do such other acts or things deemed appropriate by the Secured Party to give the Secured Party and itself a security interest in any such Commercial Tort Claim.

**6. Secured Party's Appointment as Attorney-in-Fact.**

(a) Powers. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer of the Secured Party with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, taking any and all appropriate action and executing any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement, and, without limiting the generality of the foregoing, Debtor hereby gives the Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following:

(i) in the case of any Account, at any time when the authority of Debtor to collect the Accounts has been curtailed or terminated pursuant to the first sentence of Section 3(d) hereof, or in the case of any other Collateral, at any time when any Event of Default shall have occurred and is continuing, in the name of Debtor or its own name, or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Party for the purpose of collecting any and all such moneys due under any Account, Instrument, General Intangible or Contract or with respect to any other Collateral whenever payable; and

(ii) to pay or discharge taxes and Encumbrances levied or placed on the Collateral, to effect any repairs or any insurance required by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and upon the occurrence and during the continuance of any Event of Default, (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Secured Party or as the Secured Party shall direct, (B) to ask or demand for, collect, receive payment of and receipt for, any and all moneys, claims and

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other amounts due or to become due at any time in respect of or arising out of any Collateral, (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral, (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral, (E) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral, (F) to settle, compromise or adjust any suit, action or proceeding described in clause (E) above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate, (G) to assign any Patent, Software, Copyright or Trademark (along with the goodwill of the business to which any such Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine, and (H) generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's Encumbrances thereon and to effect the intent of this Security Agreement, all as fully and effectively as Debtor might do. The Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Other Powers. The Debtor also authorizes the Secured Party, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(c) No Duty on Secured Party's Part. The powers conferred on the Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. The Secured Party shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

7. Performance by Secured Party of Debtor's Obligations. If Debtor fails to perform or comply with any of its agreements contained herein and the Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Secured Party incurred in connection with such performance or compliance shall be payable by Debtor to the Secured Party on demand and shall constitute Obligations secured hereby.

8. Proceeds. In addition to the rights of the Secured Party specified in Section 3(d) with respect to payments of Accounts, it is agreed that if an Event of Default shall occur and be continuing (a) all Proceeds received by Debtor consisting of cash, checks and other near-cash items shall be held by Debtor in trust for the Secured Party, segregated from other funds of



Debtor, and shall, forthwith upon receipt by Debtor, be turned over to the Secured Party and itself in the exact form received by Debtor (duly endorsed by Debtor to the Secured Party, if required), and (b) any and all such Proceeds received by the Secured Party (whether from Debtor or otherwise) may, in the sole discretion of the Secured Party, be held by the Secured Party and itself as collateral security for, and/or then or at any time thereafter may be applied by the Secured Party against, the Obligations (whether matured or unmatured), such application to be made in accordance with the provisions of the Note. Any balance of such Proceeds remaining after the Obligations shall have been paid in full shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive the same.

9. **Remedies.** If an Event of Default shall occur and be continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to the Secured Party in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, the Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon Debtor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit for future delivery without assumption of any credit risk. The Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in Debtor, which right or equity is hereby waived or released. The Debtor further agrees, at the Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places, which the Secured Party shall reasonably select, whether at Debtor's premises or elsewhere. The Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Secured Party may elect, and only after such application and after the payment by the Secured Party of any other amount required by any provision of law, including, without limitation, the Code, need the Secured Party account for the surplus, if any, to Debtor. To the extent permitted by applicable law, Debtor waives all claims, damages and demands it may acquire against the Secured Party arising out of the exercise by the Secured Party of any of its rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency.

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10. **Limitation on Duties Regarding Preservation of Collateral.** The Secured Party's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under the Code or otherwise, shall be to deal with it in the same manner as the Secured Party deals with similar property for its own account. The Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Debtor or otherwise.

11. **Powers coupled with an Interest.** All authorizations and agencies herein contained with respect to the Collateral are irrevocable and powers coupled with an interest.

12. **Severability.** Any provision of this Security Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. **Paragraph Headings.** The paragraph headings used in this Security Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

14. **No Waiver; Cumulative Remedies.** The Secured Party shall not, by any act (except by a written instrument pursuant to Section 15 hereof), delay, indulgence, omission or otherwise, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

15. **Waivers and Amendments; Successors and Assigns, Governing Law.** None of the terms or provisions of this Security Agreement may be waived, amended, supplemented or otherwise modified except as provided by the Purchase Agreement. This Security Agreement shall be binding upon the successors and assigns of Debtor and shall inure to the benefit of the Secured Party and their respective successors and assigns. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Connecticut.

16. **Notices.** Notices hereunder shall be given to Debtor in care of Debtor in the manner set forth in the Purchase Agreement.

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17. **Termination.** Upon the payment and the performance of the Obligations in full, this Security Agreement shall terminate and the Secured Party shall deliver any release of the Encumbrances created under this Security Agreement that Debtor may reasonably request.

18. **Acknowledgement of Foreclosure.** The parties hereto acknowledge that the Debtor intends to foreclose upon the security interests granted to it under the Financing Documents, and that this Security Agreement shall not, in any manner whatsoever, limit the ability of the Debtor to foreclose upon such security interests or impose on the Debtor any liability to the Secured Party (except with respect to the security interest granted herein) in connection with such foreclosure, whether such foreclosure is a strict foreclosure under Section 42a-9-620 or at a public or private sale.


19. **Counterparts.** This Security Agreement may be executed in any number of counterparts, each of which shall be deemed an original and enforceable against the parties actually executing such counterpart, and all of which, when taken together, shall constitute one instrument.

[intentionally left blank - signature page follows]

[signature page to Security Agreement]

**IN WITNESS WHEREOF**, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

**D-BRAKE, LLC**

By:   
\_\_\_\_\_  
RICHARD E. REED  
Its *MANAGER*

**CONNECTICUT INNOVATIONS,  
INCORPORATED**

By: \_\_\_\_\_

Its

[signature page to Security Agreement]

**IN WITNESS WHEREOF**, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the date first above written.

**D-BRAKE, LLC**

By: \_\_\_\_\_

Its

**CONNECTICUT INNOVATIONS,  
INCORPORATED**

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*Victor R. Budnick*

By: Victor R. Budnick

Its President & Executive Director

**Disclosure Schedule**

Security interest in all assets of the Debtor granted to DDR Associates, LLC ("DDR"), a Connecticut limited liability company, to secure repayment of loans made by DDR to the Debtor in the aggregate amount of \$2,500,000, shall be permitted under this Security Agreement, provided that such security interest is subordinated in payment and priority to the security interest granted to the Secured Party in the Collateral pursuant to a subordination agreement approved by the Secured Party.

**Schedule I**

**Commercial Tort Claims**

The following are all Commercial Tort Claims (as defined by the Uniform Commercial Code, Article 9) to which the Debtor has a right:

**Schedule II****Patents, Software, Trademarks, Copyrights, Franchises, Etc.**

- (1) The following are all patents, and all licenses and other agreements to use the patents of others, held by the Debtor:

None.

- (2) The following are all trademarks and servicemarks, and all licenses and other agreements to use the trademarks and servicemarks of others, held by the Debtor:

None.

- (3) The following are all copyrights, and all licenses and other agreements to use materials copyrighted by others, held by the Debtor:

None.

- (4) The following are all franchises, distribution agreements, marketing agreements and other similar agreements between the Debtor and others:

None.

- (5) The following are all Software, and all licenses and other agreements to use Software by others, held by the Debtor

None.