

<div>Form PTO-1595 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings </div>		<div>RECORDATION FORM COVER SHEET PATENTS ONLY</div>		<div>U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office</div>	
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.					
<div>1. Name of conveying party(ies): Flex-Trax, Inc.</div> <div>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div>		<div>2. Name and address of receiving party(ies) Name: <u>Joseph R. Gregory</u> Internal Address: _____ _____ _____ Street Address: <u>620 Shelby Street</u> _____ _____ City: <u>Bristol</u> State: <u>TN</u> Zip: <u>37620</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div>			
<div>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 _____</div> <div>Execution Date: <u>02/27/2004</u></div>					
<div>4. Application number(s) or patent 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) <u>6,308,757</u> _____ Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</div>					
<div>5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Valerie Walsh Johnson, Esq.</u> Internal Address: _____ _____ _____ Street Address: <u>165 Madison Avenue, Suite 2000</u> <u>c/o Baker, Donelson, Bearman, Caldwell & Berkowitz</u> City: <u>Memphis</u> State: <u>TN</u> Zip: <u>38103</u></div>		<div>6. Total number of applications and patents involved: <u>1</u> 7. Total fee (37 CFR 3.41).....\$ <u>40.00</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account 8. Deposit account number: <u>08-1629</u></div>			
<div>DO NOT USE THIS SPACE</div>					
<div>9. Signature. <div>Valerie Walsh Johnson, Esq. <u>Valerie W. Johnson</u> March 22, 2004 Name of Person Signing Signature Date</div><div>Total number of pages including cover sheet, attachments, and documents: <u>6</u></div></div>					

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

CH \$40.00 081629 6308757

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of February 27, 2004 by and between FLEX-TRAX, INC., a Tennessee corporation (the "**Grantor**"), and JOSEPH R. GREGORY, a Tennessee resident ("**Lender**").

RECITALS

Lender has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "**Loan**") in the amounts and manner set forth in that certain Convertible Promissory Note executed by Grantor in favor of Lender dated of even date herewith (the "Note"). Lender is willing to make the Loan to Grantor, but only upon the condition, among others, that Grantor shall grant to Lender a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Note.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Note, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Note, Grantor grants and pledges to Lender a security interest in all of Grantor's right, title and interest in, to and under its current and future Copyrights, Patents and Trademarks (including without limitation those copyright, patent and trademark registrations and applications listed on Schedules A, B and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Lender under the Security Agreement dated as of the date hereof between Grantor and Lender. The rights and remedies of Lender with respect to the security interest granted hereby are in addition to those set forth in the Security Agreement and those which are now or hereafter available to Lender as a matter of law or equity. Each right, power and remedy of Lender provided for herein, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Lender of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Lender, of any or all other rights, powers or remedies.

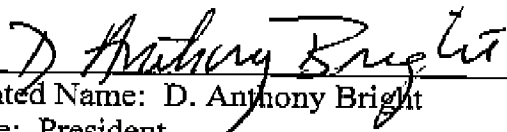
This Intellectual Property Security Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:
2765 Michigan Avenue Rd., N.E.
Cleveland, TN 37364
Bradley County

FLEX-TRAX, INC.

By: 
Printed Name: D. Anthony Bright
Title: President

LENDER:

Address of Lender:
620 Shelby Street
Bristol, TN 37620


JOSEPH R. GREGORY

EXHIBIT A
COPYRIGHTS

Description

Registration/
Application
Number

Registration/
Application
Date

EXHIBIT B
PATENTS

<u>Description</u>	<u>Registration/ Application Number</u>	<u>Registration/ Application Date</u>
Method and Apparatus for Increasing Traction of a Wheel	6,308,757 09/289,195	Filing Date: 4/9/1999 Issue Date: 10/30/2001

European Patent No. 1,069,997
Canadian Patent No. 2,327,805
Chinese Patent No. 1,299,323t

Notification Of Transmittal Of International Preliminary Examination Report (Filed 04/09/1999,
Application Number 2686-0102 Fpc).

EXHIBIT C **TRADEMARKS**

<u>Description</u>	Registration/ Application <u>Number</u>	Registration/ Application <u>Date</u>
"Flex-Trax"	Serial Number 76/505027	Filed 4/7/2003
"Snoclaws"	Serial Number 76/505028	Filed 4/7/2003
"Sno-Claws"	Serial Number 76/505029	Filed 4/7/2003