

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Dr. Francis P. McCullough Jr.	02/01/2006

RECEIVING PARTY DATA	
Name:	Ashburn Hill Corp.
Street Address:	1211 Avenue of the Americas
Internal Address:	27th Floor, c/o Scura Rise & Partners, LLC
City:	New York
State/Country:	NEW YORK
Postal Code:	10036

PROPERTY NUMBERS Total: 11

Property Type	Number
Patent Number:	5532083
Patent Number:	5518836
Patent Number:	5700573
Patent Number:	5821012
Patent Number:	5763103
Patent Number:	5776607
Patent Number:	5776609
Patent Number:	5837626
Patent Number:	5858530
Patent Number:	6413633
PCT Number:	US0211938

CORRESPONDENCE DATA	
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OP \$440.00 5532083

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ATTORNEY DOCKET NUMBER: 45375-1

NAME OF SUBMITTER: Henry L. Ehrlich

Total Attachments: 27

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SECURITY AGREEMENT
(DIP Financing)

THIS SECURITY AGREEMENT (DIP Financing) (this "Agreement"), dated as of February 1, 2006, is by and between Dr. Francis P. McCullough, Jr. (the "Debtor"), and Ashburn Hill Corp., a Delaware corporation (the "Secured Party").

R E C I T A L S:

A. The Debtor desires the Secured Party to extend credit or make other financial accommodations to it pursuant to the terms of that certain Loan Agreement – DIP Financing dated of even date herewith by and between the Debtor and the Secured Party.

B. The Secured Party is unwilling to extend credit or otherwise make financial accommodations to the Debtor unless the Debtor enters into this Agreement concurrently with the extension of such credit or the making of such financial accommodations.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions: Security Interest

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein but defined in the UCC shall have the same meanings when used, unless otherwise defined, in this Agreement. If the definition given a term in Chapter 9 of the UCC conflicts with the definition given that term in any other chapter of the UCC, then the Chapter 9 definition controls. Furthermore, as used in this Agreement:

"Account" means any "account," as such term is defined in Section 9.102(a)(2) of the UCC, now owned or hereafter acquired by the Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by the Debtor: (a) all rights of the Debtor to payment for goods sold or leased or services rendered or the license of Intellectual Property, whether or not earned by performance, (b) all accounts receivable of the Debtor, (c) all rights of the Debtor to receive any payment of money or other form of consideration, (d) all security pledged, assigned, or granted to or held by the Debtor to secure any of the foregoing, (e) all guaranties of, or indemnifications with respect to, any of the foregoing, (f) all Chattel Paper, (g) all Instruments, and (h) all rights of the Debtor as unpaid sellers of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation, and resale.

"Chattel Paper" means any "chattel paper", as such term is defined in Section 9.102(a)(11) of the UCC, now owned or hereafter acquired by the Debtor and, in any event, shall include, without limitation, all Electronic Chattel Paper, Tangible Chattel

Paper and all records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, or a lease of specific goods, now owned or hereafter acquired by the Debtor.

"Collateral" has the meaning specified in Section 1.2 of this Agreement.

"Commercial Tort Claims" means any "commercial tort claim", as such term is defined in Section 9.102(a)(13) of the UCC, now owned or hereafter acquired by the Debtor and in any event, shall include, without limitation, any claim now owned or hereafter acquired by the Debtor, arising in tort with respect to which: (a) the claimant is an organization; or (b) the claimant is an individual and the claim (i) arose in the course of the claimant's business or profession and (ii) does not include damages arising out of personal injury to or the death of an individual.

"Deposit Accounts" means any "deposit account", as such term is defined in Section 9.102(a)(29) of the UCC, now owned or hereafter acquired by the Debtor and in any event, shall include, without limitation, any and all deposit accounts or other bank accounts now owned or hereafter acquired or opened by the Debtor, and any account which is a replacement or substitute for any of such accounts.

"Document" means any "document", as such term is defined in Section 9.102(a)(30) of the UCC, now owned or hereafter acquired by the Debtor, including, without limitation, all documents of title and all warehouse receipts covering, evidencing, or representing goods now owned or hereafter acquired by the Debtor.

"Electronic Chattel Paper" means any "electronic chattel paper", as such term is defined in Section 9.102(a)(31) of the UCC, now owned or hereafter acquired by the Debtor.

"Equipment" means any "equipment", as such term is defined in Section 9.102(a)(33) of the UCC, now owned or hereafter acquired by the Debtor and, in any event, shall include, without limitation, all machinery, equipment, furnishings, fixtures and vehicles now owned or hereafter acquired by the Debtor and any and all additions, substitutions, and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment, and accessories installed thereon or affixed thereto.

"General Intangibles" means any "general intangibles", as such term is defined in Section 9.102(a)(42) of the UCC, which arises out of the Intellectual Property.

"Instrument" means any "instrument", as such term is defined in Section 9.102(a)(47) of the UCC, now owned or hereafter acquired by the Debtor, other than stock and other securities, and in any event, shall include, without limitation, all promissory notes, drafts, bills of exchange and trade acceptances of the Debtor, whether now owned or hereafter acquired.

"Intellectual Property" means the Patents, Patent Licenses, Trademarks, and Trademark Licenses described herein or on Exhibit "A".

"Inventory" means any "inventory", as such term is defined in Section 9.102(a)(48) of the UCC, now owned or hereafter acquired by the Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by the Debtor: (a) all goods and other personal property of the Debtor that are held for sale or lease or to be furnished under any contract of service, (b) all raw materials, work-in-process, finished goods, inventory, supplies, and materials of the Debtor, (c) all wrapping, packaging, advertising, and shipping materials of the Debtor, (d) all goods that have been returned to, repossessed by, or stopped in transit by the Debtor, and (e) all Documents evidencing any of the foregoing.

"Material Adverse Effect" means any material and adverse effect on (i) the business condition (financial or otherwise), operations, prospects, results of operations, capitalization, liquidity or any properties of the Debtor, taken as a whole, (ii) the value of the Collateral, (iii) the ability of Debtor (or if the Debtor is a partnership, joint venture, trust or other type of business association, of any of the parties comprising to pay and perform the Obligations, or (iv) the validity, enforceability or binding effect of any of this Agreement.

"Obligations" means the Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(a) the obligations and indebtedness of Debtor to Secured Party evidenced by that certain multiple advance promissory note dated of even date, executed by Debtor and payable to the order of Secured Party in the maximum principal amount of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00) and/or pursuant to the Order;

(b) all future advances by Secured Party to Debtor;

(c) all costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses incurred by Secured Party (i) in the Debtor's bankruptcy proceeding or (ii) to preserve and maintain the Collateral, (iii) collect the obligations herein described, and (iv) enforce this Agreement;

(d) all other post-petition obligations, indebtedness, and liabilities of Debtor to Secured Party, now existing or hereafter arising, regardless of whether such obligations, indebtedness, and liabilities are similar, dissimilar, related, unrelated, direct, indirect, fixed, contingent, primary, secondary, joint, several, or joint and several; and

(e) all extensions, renewals, and modifications of any of the foregoing.

"Order" that certain Order entered in *In re Francis P. McCullough* chapter 11 bankruptcy proceeding pending under case number 06-30104-H5-11, pending in the United States Bankruptcy Court for the Southern District of Texas, Houston Division allowing for post-petition financing by the Secured Party in favor of the Debtor, said order being styled "Interim Order" (i) Authorizing Post-Petition Secured Super-Priority

Financing Pursuant to Bankruptcy Code Section 105(a), 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(d); (ii) granting adequate protection pursuant to Section 364 of the Bankruptcy Code and (iii) setting final hearing pursuant to Bankruptcy Rule 4001(c) and any order given in renewal, extension, rearrangement thereof or any order entered modifying or amending such order.

"Patent License" means any written agreement now or hereafter in existence granting to the Debtor any right to use any invention on which a Patent is in existence or by which the Debtor grants to any third party the right to use any invention on which a Patent is in existence.

"Patents" means all of the (a) patents, patent applications, and patentable inventions described on Exhibit "A"; (b) all continuations, divisions, renewals, extensions, modifications, substitutions, continuations-in-part, or reissues of any of the foregoing; (c) all income, royalties, profits, damages, awards, and payments relating to or payable under any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all other rights and benefits relating to any of the foregoing throughout the world.

"Permitted Liens" means liens disclosed by the Debtor to the Secured Party pursuant to the provisions of Article II hereof and approved by the Secured Party in writing.

"Proceeds" means any "proceeds," as such term is defined in Section 9.102(a)(65) of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to the Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Tangible Chattel Paper" means any "tangible chattel paper", as such term is defined in Section 9.102(a)(79) of the UCC, now owned or hereafter acquired by the Debtor.

"Trademark License" means any written agreement now or hereafter in existence granting to the Debtor any right to use any Trademark or by which the Debtor grants to a third party the right to use any Trademark in which the Debtor has an interest, including, without limitation, the agreements identified on Exhibit "A".

"Trademarks" means (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings, and applications 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 relating to the Patents, whether described on Exhibit "A" or otherwise; (b) all reissues, extensions, and renewals thereof; (c) all income, royalties, damages, and payments now or hereafter relating to or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing.

"UCC" means the Uniform Commercial Code as in effect in the State of Texas, as the same has been or may be amended or revised from time to time, or, if so required with respect to any particular Collateral by mandatory provisions of applicable law, as in effect in the jurisdiction in which such Collateral is located.

Section 1.2. Security Interest. As collateral security for the prompt payment and performance in full when due of the Obligations (whether at stated maturity, by acceleration, or otherwise), and subject to the terms of the Order, the Debtor hereby collaterally assigns and grants to the Secured Party a security interest in the following property, whether now owned or existing or hereafter acquired or arising and wherever arising or located (such property being hereinafter sometimes called the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all General Intangibles;
- (d) all Documents;
- (e) all Inventory;
- (f) all Instruments;
- (g) all Equipment;
- (h) all Deposit Accounts of the Debtor and all funds, certificates, Documents, Instruments, checks, drafts, wire transfer receipts, and other earnings, profits, or other Proceeds from time to time representing, evidencing, deposited into, or held in the Deposit Accounts;
- (i) all Commercial Tort Claims;
- (j) all Intellectual Property;
- (k) all property which the Debtor granted a lien in on June 2, 2005 to York & Hinds, LLP in the form of the Pledge, Assignment and Security Agreement, a copy of which is attached hereto as Exhibit "B"; and

(l) all Proceeds and products, in cash or otherwise, of any or all of the foregoing.

It is the Debtor's intent that the Secured Party have a lien in all of the property described in the Pledge, Assignment and Security Agreement referenced above. Accordingly, to the extent that the lien granted herein is not as broad as the lien granted in such Pledge, Assignment and Security Agreement, the Debtor hereby collaterally assigns and grants to the Secured Party a security interest in all of the Debtor's property described in such Pledge, Assignment and Security Agreement, and it is the Debtor's intent that such property constitute a part of the Collateral described herein. If the security interest granted hereby in any rights of the Debtor under any contract included in the Collateral is expressly prohibited by such contract, then the security interest hereby granted therein nonetheless remains effective to the extent allowed by Article or Chapter 9 of the UCC or other applicable law but is otherwise limited by that prohibition. Notwithstanding the foregoing, in no event shall Ashburn be granted a lien on exempt property.

Section 1.3. Debtor Remains Liable. Notwithstanding anything to the contrary contained herein, (a) the Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Secured Party of any of its rights hereunder shall not release the Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) the Secured Party shall have no obligation or liability under any of the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 1.4. Authorization to File Financing Statements. The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any UCC jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article or Chapter 9 of the UCC, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by subchapter E of Chapter 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether the Debtor is an organization, the type of organization and any organization identification number issued to the Debtor and (B) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Debtor agrees to furnish any such information to the Secured Party promptly upon request.

ARTICLE II

Representations and Warranties

To induce the Secured Party to enter into this Agreement, the Debtor represents and warrants to the Secured Party that:

Section 2.1. Title. Except for the security interest granted herein or previously granted in favor of the Secured Party, the Debtor owns, and with respect to Collateral acquired after the date hereof the Debtor will own, the Collateral free and clear of any lien, security interest, or other encumbrance, except for the Permitted Liens described on Schedule 2.1.

Section 2.2. Financing Statements. No financing statement, security agreement, or other lien instrument covering all or any part of the Collateral is on file in any public office, except (a) as disclosed on Schedule 2.2 and (b) as may have been filed in favor of the Secured Party pursuant to this Agreement.

Section 2.3. Authority. The exact legal name of the Debtor is set forth in the first paragraph of this Agreement. The Debtor has the power and authority to execute, deliver, and perform this Agreement, and do not and will not violate any law, rule or regulation applicable to the Debtor and do not and will not conflict with, result in a breach of, or constitute a default under the provisions of any indenture, mortgage, deed of trust, security agreement, or other instrument or agreement pursuant to which the Debtor or any of its property is bound.

Section 2.4. Principal Place of Business. The principal place of business and chief executive office of the Debtor, and the office where the Debtor keeps its books and records, is located at the address of the Debtor shown at the end of this Agreement.

Section 2.5. Intellectual Property. All Intellectual Property of the Debtor that is registered with or for which an application for registration has been filed with the United States Patent and Trademark Office and which is necessary for the Debtor's business as currently operated is identified on Exhibit "A", and such information is true, correct, and complete in all material respects as of the date hereof.

Section 2.6. Perfection. This Agreement creates a security interest in the Collateral in favor of the Secured Party. Upon the filing of UCC financing statements in favor of the Secured Party with the Secretary of State of the State of Texas, the security interest in favor of the Secured Party created herein is and will constitute a valid and perfected Lien upon and security interest in all items of the Collateral covered by Article 9 of the UCC, subject to no equal or prior Lien, except the Permitted Liens.

Section 2.7. Location of Collateral. All Equipment of the Debtor is located at the address set forth on the execution page hereof. None of the Equipment shall be moved to any other location without the prior written approval of the Secured Party.

Section 2.8. Deposit Accounts. The Debtor will, from time to time, identify to the Secured Party the location at which it maintains all of its Deposit Accounts. The Debtor will join in any notice to such depository institution of the Secured Party's interest in such Deposit Accounts.

ARTICLE III

Covenants

The Debtor covenants and agrees with the Secured Party that until the Obligations are paid and performed in full:

Section 3.1. Encumbrances. The Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against, any lien, security interest, or other encumbrance on the Collateral except as described on the Schedule 2.1 attached hereto or a Lien in favor of the Secured Party hereunder, and shall defend the Debtor's rights in the Collateral and the Secured Party's security interest in the Collateral against the claims of all persons.

Section 3.2. Modification of Collateral. The Debtor shall not do anything to impair the rights of the Secured Party in the Collateral.

Section 3.3. Disposition of Collateral.

(a) Except in the ordinary course of business, the Debtor shall not sell, lease or otherwise dispose of the Collateral or any part thereof without the prior written consent of the Secured Party.

(b) Upon the occurrence of any Event of Default, the Secured Party may, but shall not be obligated to, demand that the Debtor (and the Debtor hereby agrees that upon such demand, it shall) forthwith, upon receipt, transmit and deliver to the Secured Party, in the form received, all cash, checks, drafts, chattel paper and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by the Secured Party) which may be received by the Debtor at any time in full or partial payment or otherwise as proceeds of any of the Collateral. Any such items which may be received by the Debtor after such request by the Secured Party will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds or property and upon express trust for the Secured Party until delivery is made to the Secured Party.

(c) Upon the occurrence of any Event of Default, the Secured Party is authorized to endorse, in the name of the Debtor, any item, howsoever received by the Secured Party, representing any payment on or other proceeds of any of the Collateral.

Section 3.4. Further Assurances. At any time and from time to time, upon the request of the Secured Party, and at the sole expense of the Debtor, the Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as the Secured Party may deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement, including, without limitation, the execution and filing of such financing statements as the Secured Party may require. A carbon, photographic, or other reproduction of this Agreement or of any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement and may be filed as a financing statement. The Debtor shall promptly endorse and deliver to the

Secured Party all documents, instruments, and chattel paper that it now owns or may hereafter acquire.

Section 3.5. Risk of Loss. The Debtor shall be responsible for any loss of or damage to the Collateral.

Section 3.6. Inspection Rights. The Debtor shall permit the Secured Party and its representatives to examine or inspect the Collateral wherever located and to examine, inspect, and copy the Debtor's books and records at any reasonable time and as often as the Secured Party may desire.

Section 3.7. Taxes. The Debtor agrees to pay or discharge prior to delinquency or pursuant to the terms of a confirmed plan all taxes, assessments, levies, and other governmental charges imposed on its property, except no Debtor shall be required to pay or discharge any tax, assessment, levy, or other governmental charge if (a) the amount or validity thereof is being contested by the Debtor in good faith by appropriate proceedings diligently pursued, (b) such proceedings do not involve any risk of sale, forfeiture, or loss of the Collateral or any interest therein, and (c) adequate reserves therefor have been established.

Section 3.8. Obligations. The Debtor shall duly and punctually pay and perform the Obligations.

Section 3.9. Notification. The Debtor shall promptly notify the Secured Party of (a) any lien, security interest, encumbrance, or claim made or threatened against the Collateral, (b) any material change in the Collateral, including, without limitation, any material damage to or loss of the Collateral, and (c) the occurrence or existence of any Event of Default or the occurrence or existence of any condition or event that, with the giving of notice or lapse of time or both, would be an Event of Default.

Section 3.10. Books and Records; Information. The Debtor shall keep accurate and complete books and records of the Collateral and the Debtor's business and financial condition. The Debtor shall from time to time at the request of the Secured Party deliver to the Secured Party such information regarding the Collateral and the Debtor as the Secured Party may request, including, without limitation, lists and descriptions of the Collateral and evidence of the identity and existence of the Collateral. The Debtor shall mark its books and records to reflect the security interest of the Secured Party under this Agreement.

Section 3.11. Compliance with Agreements. The Debtor shall comply in all material respects with all security agreements, mortgages, deeds of trust, instruments, and other agreements binding on it or affecting its properties or business.

Section 3.12. Compliance with Laws. The Debtor shall comply with all applicable laws, rules, regulations, and orders of any court or governmental authority.

Section 3.13. Commercial Tort Claims. If the Debtor at any time holds or acquires a Commercial Tort Claim, the Debtor shall immediately notify the Secured Party in writing of the details thereof and grant to the Secured Party in writing a security interest therein or lien thereon and in the Proceeds thereof, in form and substance satisfactory to the Secured Party.

ARTICLE IV

Provisions Concerning Trademarks and Patents

Section 4.1. Additional Representations and Warranties. The Debtor represents and warrants that it is the true and lawful exclusive owner of the Patents and Trademarks listed on Exhibit "A" and that, as of the date hereof, the listed Patents include all the United States federal registrations or applications registered in the United States Patent and Trademark Office which are necessary for the Debtor's business as currently operated. The Debtor represents and warrants that it owns all Patents that it uses. The Debtor further warrants that it is aware of no third party claim (which could have a Material Adverse Effect) that any aspect of the Debtor's present or contemplated business operations infringes or will infringe any Patent or Trademark. The Debtor represents and warrants that it is the owner of record of all registrations and applications listed as being owned by it in Exhibit "A" and that such registrations are valid, subsisting, have not been cancelled and that Debtor is not aware of any third party claim (which could have a Material Adverse Effect) that any such registration is invalid or unenforceable. The Debtor hereby grants to the Secured Party an absolute power of attorney to sign, upon the occurrence and during the continuance of an Event of Default, any document which may be required by the United States Patent and Trademark Office or any equivalent government agency or office of any applicable foreign jurisdiction in order to effect an absolute assignment of all right, title and interest in each such Patent or Trademark and associated goodwill, and record the same.

Section 4.2. Infringements. The Debtor agrees, promptly upon learning thereof, to notify the Secured Party in writing of the name and address of, and to furnish such pertinent information that may be available with respect to, any party who may be infringing or otherwise violating any of the Debtor's rights in and to any Patent or Trademark, or with respect to any party claiming that the Debtor's use of any Patent or Trademark violates any property right of that party, in each case to the extent that the Debtor reasonably believe that such infringement or violation is material to its business or could result in a Material Adverse Effect.

ARTICLE V

Rights of the Secured Parties

Section 5.1. Power of Attorney. Upon the occurrence of an Event of Default, the Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or Secured Party thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of the Debtor or in its own name, to take any and all action and to execute any and all documents and instruments which the Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Debtor hereby gives the Secured Party the power and right, coupled with an interest, on behalf of the Debtor and in its own name to do any of the following, without notice to or the consent of the Debtor:

- (a) to demand, sue for, collect, or receive in the name of the Debtor or in its own name, any money or property at any time payable or receivable on account of or in

exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(c) to send requests for verification to account debtors and other obligors;

(d) to notify post office authorities to change the address for delivery of mail of the Debtor to an address designated by the Secured Party and to receive, open, and dispose of mail addressed to the Debtor;

(e) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as the Secured Party shall direct; (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and notices in connection with accounts and other documents relating to the Collateral; (iv) to commence and prosecute any suit, action, or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against the Debtor with respect to any Collateral; (vi) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer Secured Party, registrar, or other designated agency upon such terms as the Secured Party may determine; (viii) to add or release any guarantor, endorser, surety, or other party to any of the Collateral or the Obligations; (ix) to renew, extend, or otherwise change the terms and conditions of any of the Collateral or Obligations; (x) to insure, and to make, settle, compromise, or adjust claims under any insurance policy covering, any of the Collateral; and (xi) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party was the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the 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 security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to the Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. The Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of

fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its willful misconduct. This power of attorney is conferred on the Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral. The Secured Party shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve, or maintain any security interest or lien given to secure the Collateral.

Section 5.2. Certain Covenants and Rights Regarding the Collateral.

(a) If any part of the Collateral is or becomes subject to the Federal Assignment of Claims Act, the Debtor will execute all instruments and take all steps required by the Secured Party to comply with that act. After the occurrence of an Event of Default and during the continuance thereof, if part of the Collateral is evidenced by Chattel Paper or by one or more promissory notes, trade acceptances or other Instruments for the payment of money, the Debtor will, at the request of the Secured Party, immediately deliver them to the Secured Party, appropriately endorsed to the order of the Secured Party, and regardless of the form of endorsement, the Debtor waives presentment, demand, notice of dishonor, protest, and notice of protest.

(b) If the validity or priority of this Agreement or of any rights, titles, security interests or other interests created or evidenced hereby shall be attacked, endangered, or questioned, or if any legal proceedings are instituted with respect thereto, the Debtor will give prompt written notice thereof to the Secured Party and, at the Debtor's own cost and expense, will diligently endeavor to cure any defect which may be developed or claimed, and will take all necessary and proper steps for the defense of such legal proceedings, and the Secured Party (whether or not named as a party to the legal proceedings with respect thereto) is hereby authorized and empowered to take such additional steps as in its judgment and discretion may be necessary or proper for the defense of any such legal proceedings or the protection of the validity or priority of this Agreement and the rights, titles, security interests, and other interests created or evidenced hereby, and all expenses so incurred of every kind and character shall be a demand obligation owing by the Debtor and the party incurring such expenses shall be subrogated to all rights of the person receiving such payment.

(c) Upon the occurrence of an Event of Default that is continuing, the Secured Party is authorized to take possession peaceably of the Collateral and of all books, records and accounts relating thereto, and to exercise without interference from the Debtor any and all rights which the Debtor has with respect to the possession, protection, or preservation of the Collateral. If necessary to obtain the possession provided for above, the Secured Party may invoke any and all legal remedies to dispossess the Debtor, including specifically one or more actions for forcible entry and detainer. In connection with any action taken by the Secured Party pursuant to this Section, the Secured Party shall not be liable for any loss sustained by the Debtor resulting from any act or omission of the Secured Party unless such loss is caused by the gross negligence or willful misconduct and bad faith of the Secured Party, nor shall the Secured Party be obligated to perform or discharge any obligation, duty, or liability under any sale or lease agreement

covering the Collateral or any part thereof, or under or by reason of this Agreement or exercise of rights or remedies hereunder.

Section 5.3. Setoff; Property Held by the Secured Party. The Secured Party shall have the right to set off and apply against the Obligations, at any time and without notice to the Debtor, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from the Secured Party to the Debtor whether or not the Obligations are then due. As additional security for the Obligations, the Debtor hereby grants the Secured Party a security interest in all money, instruments, and other property of the Debtor now or hereafter held by the Secured Party, including, without limitation, property held in safekeeping. In addition to the Secured Party's right of setoff and as further security for the Obligations, the Debtor hereby grants the Secured Party a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts of the Debtor now or hereafter deposited with or held by the Secured Party and all other sums at any time credited by or owing from the Secured Party to the Debtor. The rights and remedies of the Secured Party hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Secured Party may have.

Section 5.4. Subrogation. If any of the Obligations are given in renewal or extension or applied toward the payment of indebtedness secured by any Lien, the Secured Party shall be, and is hereby, subrogated to all of the rights, titles, interests and liens securing the indebtedness so renewed, extended, or paid.

Section 5.5. The Secured Party's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by the Secured Party hereunder, the Secured Party shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including without limitation any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that the Debtor shall be responsible for preservation of all rights in the Collateral. Without limiting the generality of the foregoing, the Secured Party shall be conclusively deemed to have exercised reasonable care in the custody of the Collateral if the Secured Party takes such action, for purposes of preserving rights in the Collateral, as the Debtor may reasonably request in writing, but no failure or omission or delay by the Secured Party in complying with any such request by the Debtor, and no refusal by the Secured Party to comply with any such request by the Debtor, shall be deemed to be a failure to exercise reasonable care, solely by virtue of such failure, omission, delay or refusal.

ARTICLE VI

Default

Section 6.1. Events of Default. Each of the following shall be deemed an "Event of Default":

- (a) Debtor shall fail to pay when due the Obligations or any part thereof.

(b) Any representation or warranty made or deemed made by Debtor in this Agreement or in any certificate, report, notice, or statement furnished at any time in connection with this Agreement is false, misleading, or erroneous in any material respect on the date when made or deemed to have been made.

(c) Debtor shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement or in the Pledge, Assignment and Security Agreement attached as Exhibit "B".

(d) This Agreement shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by Debtor or any of its shareholders, or Debtor shall deny that it has any further liability or obligation under this Agreement.

(e) An Event of Default shall occur under the Loan Agreement or under the Order.

Section 6.2. Rights and Remedies. Upon the occurrence of an Event of Default, the Secured Party shall have the following rights and remedies:

(a) In addition to all other rights and remedies granted to the Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, the Secured Party shall have all of the rights and remedies of a secured party under the UCC as adopted by the State of Texas. Without limiting the generality of the foregoing, the Secured Party may (i) without demand or notice to the Debtor, collect, receive, or take possession of the Collateral or any part thereof and for that purpose the Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Secured Party's or its Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. The Secured Party may specifically disclaim any and all warranties on Collateral sold, leased or otherwise disposed of by the Secured Party. Upon the request of the Secured Party, the Debtor shall assemble the Collateral and make it available to the Secured Party at any place designated by the Secured Party that is reasonably convenient to the Debtor and the Secured Party. The Debtor agrees that the Secured Party shall not be obligated to give more than fifteen (15) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The Debtor shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and all other costs and expenses incurred by the Secured Party in connection with the collection of the Obligations and the enforcement of the Secured Party's rights under this Agreement. The Secured Party may apply the Collateral against the Obligations in such order and manner as it may elect. The Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations in full. The Debtor waives all rights of marshalling in respect of the Collateral.

(b) The Secured Party may cause any or all of the Collateral held by it to be transferred into the name of the Secured Party or the name or names of the Secured Party's nominee or nominees.

(c) The Secured Party may exercise or cause to be exercised all voting rights and corporate powers in respect of the Collateral.

Section 6.3. Application of Proceeds of Sale. The proceeds of any sale of Collateral pursuant to Section 6.1 hereof, as well as any Collateral consisting of cash, shall be applied by the Secured Party to the Obligations in such manner as the Secured Party shall elect. Upon any sale of the Collateral by the Secured Party (including, without limitation, a sale pursuant to the UCC or under a judicial proceeding), the receipt of the Secured Party or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Party or such officer or be answerable in any way for the misapplication thereof.

ARTICLE VII

Miscellaneous

Section 7.1. Expenses; Indemnification. The Debtor agrees that all reasonable and necessary expenses, including reasonable attorneys' fees, incurred by the Secured Party in connection with the preparation, negotiation, and execution of this Agreement and any and all amendments, modifications, and supplements hereto shall be a part of the Obligations secured hereby; provided, however, such expenses shall not exceed \$20,000 in the aggregate. The Debtor agrees to pay and to hold the Secured Party harmless from and against all fees and all excise, sales, stamp, and other taxes (other than taxes computed on income or receipts) payable in connection with this Agreement or the transactions contemplated hereby on demand all costs and expenses incurred by the Secured Party in connection with the preparation, negotiation, and execution of this Agreement and any and all amendments, modifications, and supplements hereto. The Debtor hereby indemnifies the Secured Party and each affiliate thereof and their respective officers, directors, employees, attorneys, and Secured Party from, and hold each of them harmless against, any and all losses, liabilities, claims, damages, penalties, judgments, costs, and expenses (including reasonable attorneys' fees) to which any of them may become subject which directly or indirectly arise from or relate to (a) the negotiation, execution, delivery, performance, administration, or enforcement of this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, (b) any of the transactions contemplated by this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, (c) any breach by the Debtor of any representation, warranty, covenant, or other agreement contained in this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, or (d) any investigation, litigation, or other proceeding, including, without limitation, any threatened investigation, litigation, or other proceeding relating to any of the foregoing. Without limiting any provision of this Agreement or any other instrument, or agreement securing, evidencing, or relating to the Obligations or any part thereof, it is the express intention of the parties hereto that each person to be indemnified under this Section shall be indemnified from

and held harmless against any and all losses, liabilities, claims, damages, penalties, judgments, costs, and expenses (including attorneys' fees) arising out of or resulting from the sole or contributory negligence of the person to be indemnified. The Debtor hereby agrees to hold the Secured Party and any Secured Party designated by the Secured Party harmless and agree to indemnify the Secured Party and such Secured Party(s) from and against all liabilities, claims, demands, losses, actions, suits, judgments, and any other type of financial exposure suffered by the Secured Party, such Secured Party and such Secured Party(s) in connection with the performance of their duties hereunder (except to the extent caused by the Secured Party's or such Secured Party's gross negligence or willful misconduct), including all steps taken or not taken in connection with the perfection and maintenance of the liens in the Collateral.

Section 7.2. No Waiver; Cumulative Remedies. No failure on the part of the Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 7.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Debtor, the Secured Party and their respective successors and assigns, except that the Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of the Secured Party.

Section 7.4. AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 7.5. Notices. All notices and other communications provided for in this Agreement shall be given or made by telex, telegraph, telecopy, cable, or in writing and telexed, telecopied, telegraphed, cabled, mailed by certified mail return receipt requested, or delivered to the intended recipient at the "Address for Notices" specified below their name on the signature pages hereof; or, as to any party at such other address as shall be designated by such party in a notice to the other party given in accordance with this Section. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telex or telecopy, subject to telephone confirmation of receipt, or delivered to the telegraph or cable office, subject to telephone confirmation of receipt, or when personally delivered or, in the case of a mailed notice, when duly deposited in the mails, in each case given or addressed as aforesaid.

Section 7.6. Applicable Law; Venue; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas. Any action or proceeding against the Debtor under or in connection with this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof may be brought in any state or federal court in Harris County, Texas. The Debtor hereby irrevocably (a) submits to the nonexclusive jurisdiction of such courts, and (b) waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum. The Debtor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 7.5 of this Agreement. Nothing in this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof shall affect the right of the Secured Parties to serve process in any other manner permitted by law or shall limit the right of the Secured Party to bring any action or proceeding against the Debtor or with respect to any of the Collateral in any state or federal court in any other jurisdiction. Any action or proceeding by the Debtor against the Secured Party shall be brought only in a court located in Harris County, Texas.

Section 7.7. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 7.8. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Secured Party shall affect the representations and warranties or the right of the Secured Party to rely upon them.

Section 7.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.10. Waiver of Bond. In the event the Secured Party seeks to take possession of any or all of the Collateral by judicial process, the Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waive any demand for possession prior to the commencement of any such suit or action.

Section 7.11. Severability. Any provision of this Agreement which 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 of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.12. Construction. The Debtor and the Secured Party acknowledge that each of them has had the benefit of legal counsel of their own choice and has been afforded an

opportunity to review this Agreement with their legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtor and the Secured Party.


Section 7.13. Obligations Absolute. The obligations of the Debtor under this Agreement shall be absolute and unconditional and shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release or subordination of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

Section 7.14. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEBTOR HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE SECURED PARTIES IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

By: 
Name: Dr. Francis P. McCullough, Jr.

Address for Notices:

3701 Carbtex Road
Angleton, Texas 77515

With a copy to:

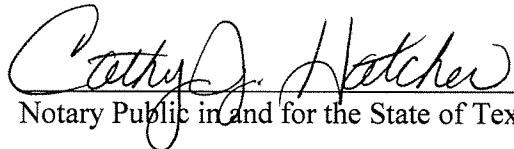
Edward L. Rothberg
Weycer, Kaplan, Pulaski & Zuber, P.C.
11 Greenway Plaza, Suite 1400
Houston, TX 77046

THE STATE OF TEXAS §
 §
COUNTY OF Harris §

Before me, a notary public in and for the state of Texas, on this day personally appeared Dr. Francis P. McCullough, Jr., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 3rd day of February, 2006.




Notary Public in and for the State of Texas

My Commission Expires: _____

SECURED PARTY:

ASHBURN HILL CORP.,
a Delaware corporation

By: _____
Name: _____
Title: _____

Address for Notices:

Ashburn Hill Corp.
c/o Scura Rise & Partners, LLC
1211 Avenue of the Americas
27th Floor
New York, New York 10036

SCHEDULE 2.1

Permitted Liens

- a. That certain Pledge, Assignment and Security Agreement dated June 2, 2005 from the Debtor in favor of York & Hinds, LLP and for the benefit of York & Hinds, LLP and Wilshire, Scott and Dyer PC.
- b. Those two certain Security Agreements, one dated on or about July 29, 2005 and the other dated on or about November 1, 2005, both executed by the Debtor and in favor of Denis Kelly.

SCHEDULE 2.2

Financing Statements

1. That certain financing statement filed with the Secretary of State of the State of Texas on June 15, 2005 under Financing Statement No. 05-0018658083.
2. That certain financing statement filed with the Secretary of State of the State of Texas on November 30, 2005 under financing statement number 05-0036691888.

EXHIBIT "A"

Intellectual Property

PATENTS AND TRADEMARKS

US PATENTS – ISSUED BY USPTO

- 5,532,083 Flexible carbon fiber electrode with low modulus and high electrical conductivity, battery employing the carbon fiber electrode, and method of manufacture.
Filed July 26, 1994. Issued July 2, 1996. Inventor: Francis P. McCullough
- 5,518,836 Flexible carbon fiber, carbon fiber electrode and secondary energy storage devices.
Filed Jan 13, 1995. Issued May 21, 1996. Inventor: Francis P. McCullough
- 5,700,573 Flexible biregional carbonaceous fiber, articles made from biregional carbonaceous fibers, and method of manufacture.
Filed April 25, 1995. Issued Dec 23, 1997. Inventor: Francis P. McCullough
- 5,821,012 Secondary energy storage device and electrode employing a multiplicity of flexible biregional fibers.
Filed July 1, 1996. Issued Oct 13, 1998. Inventor: Francis P. McCullough
- 5,763,103 A biregional precursor fiber having an outer oxidation stabilized region and method of manufacture.
Filed Aug 1, 1997. Issued June 9, 1998. Inventor: Francis P. McCullough
- 5,776,607 Flexible biregional carbonaceous fiber, articles made from biregional carbonaceous fiber, and method of manufacture.
Filed July 31, 1997. Issued July 7, 1998. Inventor: Francis P. McCullough
- 5,776,609 Flexible biregional carbonaceous fiber, articles made from biregional carbon fiber, and method of manufacture.
Filed July 31, 1997. Issued July 7, 1998. Inventor: Francis P. McCullough
- 5,837,626 Ignition resistant or fire blocking composite.
Filed July 31, 1997. Issued Nov 17, 1998. Inventor: Francis P. McCullough
- 5,858,530 Flexible ignition resistant biregional fiber, articles made from biregional fibers, and method of manufacture.
Filed Dec 5, 1996. Issued Jan 12, 1999. Inventor: Francis P. McCullough
- 6,413,633 Activated biregional fiber(s) and method for the manufacture of activated biregional fiber(s).
Filed April 18, 2001. Issued July 2, 2002. Inventor: Francis P. McCullough

FOREIGN PATENTS ISSUED

Flexible carbon fiber with low modulus, battery employing the carbon fiber electrode, and method of manufacture:

2,154,637 Canada Filed July 25, 1995 Issued September 12, 2000

Flexible Biregional Carbonaceous Fiber:

771371	Europe	Filed April 25, 1996	Granted August 3, 2000
0771371	Netherlands	Filed April 25, 1996	Granted August 3, 2000
69610276.5	Germany	Filed April 25, 1996	Granted August 3, 2000
0771371	Switzerland	Filed April 25, 1996	Granted August 3, 2000
0771371	Spain	Filed April 25, 1996	Granted August 3, 2000
0771371	Austria	Filed April 25, 1996	Granted August 3, 2000
0771371	Italy	Filed April 25, 1996	Granted August 3, 2000
0771371	Belgium	Filed April 25, 1996	Granted August 3, 2000
0771371	Sweden	Filed April 25, 1996	Granted August 3, 2000
0771371	Great Britain	Filed April 25, 1996	Granted August 3, 2000
0771371	France	Filed April 25, 1996	Granted August 3, 2000

3029872	Japan	Filed April 25, 1996	Registered February 4, 2000
693360	Australia	Filed April 25, 1996	Accepted May 13, 1998

Flexible Ignition Resistant Biregional Fiber, Articles Made from Biregional Fibers, and Method of Manufacture:

2,189,352	Canada	Filed April 25, 1996	Issued October 16, 2001
1160490	China	Filed April 25, 1996	Announced August 4, 2004
198982	Mexico	Filed April 25, 1996	Granted October 10, 2000

Flexible Biregional Carbonaceous Fiber:

0949364	Netherlands	Filed April 25, 1996	Granted July 2, 2003
0949364	France	Filed April 25, 1996	Granted July 2, 2003
0949364	Italy	Filed April 25, 1996	Granted July 2, 2003
0949364	Spain	Filed April 25, 1996	Granted July 2, 2003
E244329	Austria	Filed April 25, 1996	Granted July 2, 2003
69628946.6	Germany	Filed April 25, 1996	Granted July 2, 2003
0949364	Belgium	Filed April 25, 1996	Granted July 2, 2003
0949364	Switzerland	Filed April 25, 1996	Granted July 2, 2003
0949364	Sweden	Filed April 25, 1996	Granted July 2, 2003
0949364	Great Britain	Filed April 25, 1996	Granted July 2, 2003

FOREIGN PATENTS - PENDING

Activated Biregional Fibers and Method for the Manufacture of them:

PCT/US02/11938:

02717813.6	Europe	Publication 1392899 March 3, 2004
WO 02/086210 A1	EPO	Filed April 17, 2002
2,447,024	Canada	Filed April 17, 2002
PA/a/2003/009518	Mexico	Filed October 17, 2003
2002-583720	Japan	Filed October 20, 2003

CARBON ASSOCIATES, INC.

USPTO REGISTERED TRADEMARKS

LIFETIME: 10 YEARS



Rocket (Design)®	2,656,381	Registered December 3, 2002
NuShield®	2,747,960	Registered August 5, 2003
NuOx®	2,737,777	Registered July 15, 2003
NuAc®	2,737,778	Registered July 15, 2003
Nugen®	2,394,871	Registered October 17, 2000
Carbtex®	2,380,627	Registered August 29, 2000
Tecgen®	2,345,476	Registered April 25, 2000
BlackBatt®	2,378,765	Registered August 22, 2000
IgnitionGard®	2,378,766	Registered August 22, 2000

PENDING REGISTRATION - USA

Thermo Radiant Wall™
Thermo Radiant Barrier™
DuraGard™
AlumaGard™
dBGard™
NuGard™ - Application Serial No. 76/189046

SERVICE MARK

FIBERS FOR THE FUTURESM

EXHIBIT "B"

Form of June 5, 2005

Pledge, Assignment of Security Agreement in Favor of York & Hinds LLP appears on the following pages