

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
Par Technologies, LLC	10/12/2006

RECEIVING PARTY DATA

Name:	Parker-Hannifin Corporation
Street Address:	6035 Parkland Boulevard
Internal Address:	Attn: Carol Mulac
City:	Cleveland
State/Country:	OHIO
Postal Code:	44124

PROPERTY NUMBERS Total: 21

Property Type	Number
Application Number:	10388589
Application Number:	10815975
Application Number:	10815978
Application Number:	10815992
Application Number:	10815999
Application Number:	10869046
Application Number:	11024930
Application Number:	11024937
Application Number:	11025845
Application Number:	11104661
Application Number:	11104662
Application Number:	11104667
Application Number:	11104668
Application Number:	11104669

PATENT

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REEL: 018507 FRAME: 0606

OP \$840.00 10388589

Application Number:	11104670
Application Number:	11265386
Application Number:	11279645
Application Number:	11279647
Application Number:	11279648
Application Number:	11334545
Application Number:	10380547

CORRESPONDENCE DATA

Fax Number: (216)566-5800
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 216-566-5579
Email: troy.prince@thompsonhine.com
Correspondent Name: Thompson Hine LLP
Address Line 1: PO Box 8801
Address Line 2: ATTN: Troy Prince
Address Line 4: Dayton, OHIO 45401-8801

ATTORNEY DOCKET NUMBER:	004287.00879
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NAME OF SUBMITTER:	Troy S. Prince
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Total Attachments: 8
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SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement"), dated as of October 12, 2006, is made by Par Technologies, LLC, a Virginia limited liability company, with its principal place of business in Hampton, Virginia (the "**Company**"), in favor of Parker-Hannifin Corporation, an Ohio corporation with its principal place of business in Cleveland, Ohio (the "**Secured Party**").

WHEREAS, the Company and the Secured Party entered into a Secured Convertible Promissory Note, dated as of the date hereof, in the principal amount of up to (the "**Note**"); and

WHEREAS, in order to induce the Secured Party to extend the credit evidenced by the Note, the Company has agreed to enter into this Security Agreement and to grant to the Secured Party the security interest in the Collateral described below.

NOW THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company hereby agrees with the Secured Party as follows:

1. Definitions and Interpretation. When used in this Security Agreement, the following terms have the following respective meanings:

"**Collateral**" has the meaning given to that term in Section 2 hereof.

"**Lien**" shall mean, with respect to any property, any security interest, mortgage, pledge, lien, claim, charge, third party interest or other encumbrance in, of or on such property or the income therefrom, including, without limitation, the interest of a vendor or lessor under a conditional sale agreement, capital lease or other title retention agreement, or any agreement to provide any of the foregoing, and the filing of any financing statement or similar instrument under the UCC or comparable law of any jurisdiction.

"**Obligations**" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by the Company to the Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Note and this Agreement, including without limitation all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by the Company thereunder and hereunder, in each case whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et. seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"**Permitted Liens**" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law that were incurred in the

ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' Liens and other similar Liens arising in the ordinary course of business that are not delinquent or remain payable without penalty or that are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (d) Liens in favor of the Secured Party; (e) Liens upon any equipment acquired or held by the Company to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed; (f) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods, (g) Liens that constitute rights of setoff under contracts of the Company or applicable law; (h) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums; and (i) leases or subleases of real property where the Company is the lessee or sublessee.

"UCC" means the Uniform Commercial Code as in effect in the State of Virginia from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Note. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. Grant of Security Interest. As security for the Obligations, the Company hereby pledges to the Secured Party and grants to the Secured Party a security interest of first priority in all right, title and interest of the Company in and to the property described in Attachment 1 hereto, whether now existing or hereafter from time to time acquired (collectively, the "**Collateral**"). Promptly after the date hereof, the Company shall file all such UCC-1 financing statements and notices with the U.S. Patent and Trademark Office and/or U.S. Copyright Office as are necessary to record the Secured Party's security interest in the Collateral under this Agreement.

Notwithstanding the foregoing, the security interest granted herein shall not extend to and the term "**Collateral**" shall not include any equipment financed by a third party, provided that such third party's Liens are Liens of the type described in subsection (e) of the definition of Permitted Liens.

3. General Representations and Warranties. The Company represents and warrants to the Secured Party that (a) the Company is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Company acquires rights in the Collateral, will be the owner thereof) and that no other person or entity has (or, in the case of after-acquired Collateral, at the time the Company acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens; (b) upon the filing of UCC-1 financing statements in the appropriate filing offices, the Secured Party has (or in the case of after-acquired Collateral, at the time the Company acquires rights therein, will have) a first priority perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for other Permitted Liens; (c) all inventory has been (or, in the case of hereafter produced inventory, will be) produced in compliance with applicable laws, including the Fair Labor Standards Act; (d) all accounts receivable and payment intangibles are genuine and enforceable against the party obligated to pay the same; (e) the originals of all documents evidencing accounts receivable or payment intangibles of the Company and the only

original books of account and records of the Company relating thereto are, and will continue to be, kept at the address of the Company set forth in Section 7 of this Agreement.

4. Covenants Relating to Collateral. The Company hereby agrees (a) to perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to the Secured Party therein and the perfection and priority of such Lien, except with respect to other Permitted Liens; (b) not to use or permit any Collateral to be used in violation of any applicable law or any policy of insurance covering the Collateral; (c) to pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral; and (d) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings reasonably deemed to be necessary or appropriate by the Secured Party to perfect, maintain and protect its Lien hereunder and the priority thereof and to deliver promptly upon the request of the Secured Party all originals of Collateral consisting of instruments.

5. Authorized Action by the Secured Party. The Company hereby irrevocably appoints the Secured Party as its attorney-in-fact (which appointment is coupled with an interest) and agrees that the Secured Party may perform (but the Secured Party shall not be obligated to and shall incur no liability to the Company or any third party for failure so to do) any act which the Company is obligated by this Agreement to perform, and to exercise such rights and powers as the Company might exercise with respect to the Collateral, including without limitation the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for, the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure, process and preserve the Collateral; (e) pay any indebtedness of the Company relating to the Collateral; and (f) execute and file UCC financing statements and such other filings reasonably deemed to be necessary by the Secured Party and execute other documents, instruments and agreements required hereunder; provided, however, that the Secured Party shall not exercise any such powers granted pursuant to subsections (a) through (e) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. The Company agrees to reimburse the Secured Party upon demand for any reasonable costs and expenses, including attorneys' fees, the Secured Party may incur while acting as the Company's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as the Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in the Secured Party's possession; provided, however, that the Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any other party or any other person in connection with the Obligations or with respect to the Collateral.

6. Default and Remedies.

(a) Default. The Company shall be deemed to be in default under this Agreement upon the occurrence and during the continuance of an Event of Default.

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, the Secured Party shall have the rights of a secured creditor under the UCC, all rights granted by this Agreement and by law, including without limitation the right to: (a) require the Company to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party; (b) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent the Secured Party deems appropriate; and (c) without notice except as specified below, sell any or all of the Collateral or any part thereof at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Secured Party may deem to be commercially reasonable. The Company hereby agrees that ten (10) days notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of the Secured Party's rights hereunder, the Company hereby grants to the Secured Party an irrevocable, non-exclusive license, exercisable without royalty or other payment by the Secured Party, and only in connection with the exercise of remedies hereunder, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which the Company now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by the Secured Party at the time of, or received by the Secured Party after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including without limitation all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of the sale of any Collateral and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party;

(ii) Second, to the payment to the Secured Party of any amounts then owing or unpaid to the Secured Party under the Note (to be applied as provided in the Note);

(iii) Third, to the payment of other amounts then payable to the Secured Party under this Agreement; and

(iv) Fourth, to the payment of the surplus, if any, to the Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

7. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon the Company or the Secured Party under this Agreement or the Note shall be in writing and faxed, mailed or delivered to the other party to the facsimile number or its address set forth below (or to such other facsimile number or address as the recipient of any notice shall have notified the other in writing). All such notices and communications shall be effective (a) when sent by Federal Express or other overnight service of recognized standing, on the business day following the deposit with such service; (b) when mailed,

by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service, upon receipt; (c) when delivered by hand, upon delivery; and (d) when faxed, upon confirmation of receipt.

Secured Party:

Parker-Hannifin Corporation
6035 Parkland Boulevard
Cleveland, Ohio 44124
Attn: Carol Mulac, Associate General Counsel
Facsimile: (216) 896-4027

Company:

PAR Technologies, LLC
Attn: William M. Donaldson, President
1000 Lucas Way, Ste. B.
Hampton, VA 23666
Facsimile: (757) 865-7494

with a copy to:

(b) Termination of Security Interest. Upon the payment in full of all Obligations, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Company. Upon such termination the Secured Party hereby authorizes the Company to file any UCC termination statements necessary to effect such termination, and the Secured Party will execute and deliver to the Company any additional documents or instruments as the Company shall reasonably request to evidence such termination.

(c) Nonwaiver. No failure or delay on the Secured Party's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(d) Amendments and Waivers. This Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the Company and the Secured Party. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

(e) Assignments. This Agreement shall be binding upon and inure to the benefit of the Secured Party and the Company and their respective successors and assigns; provided, however, that the Company may not sell, assign or delegate rights and obligations hereunder without the prior written consent of the Secured Party.

(f) Cumulative Rights, etc. The rights, powers and remedies of the Secured Party under this Agreement shall be in addition to all rights, powers and remedies given to the Secured Party by virtue of any applicable law of any governmental authority, the Note or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the Secured Party's rights hereunder. The Company waives any right to require the Secured Party to proceed against any person or entity or to exhaust any Collateral or to pursue any remedy in the Secured Party's power.

(g) Payments Free of Taxes, Etc. All payments made by the Company under the Note shall be made by the Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. In addition, the Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Agreement. Upon request by the Secured Party, the Company shall furnish evidence satisfactory to the Secured Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

(h) Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(i) Construction. Each of this Agreement and the Note is the result of negotiations among, and has been reviewed by, the Company, the Secured Party and their respective counsel. Accordingly, this Agreement and the Note shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against the Company or the Secured Party.

(j) Entire Agreement. This Agreement and the Note constitute and contain the entire agreement of the Company and the Secured Party, and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(k) Other Interpretive Provisions. References in this Agreement and the Note to any document, instrument or agreement (a) includes all exhibits, schedules and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement or the Note refer to this Agreement or the Note, as the case may be, as a whole and not to any particular provision of this Agreement or the Note, as the case may be. The words "include" and "including" and words of similar import when used in this Agreement or the Note shall not be construed to be limiting or exclusive.

(l) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Virginia, notwithstanding any conflict of law provision to the contrary.

(m) Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original, but both of which together shall be deemed to constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company and the Secured Party have caused this Agreement to be executed as of the day and year first above written.

The Company:

PAR TECHNOLOGIES, LLC

By: William M. Donaldson
Name: William M. Donaldson
Title: President and Chief Executive Officer

The Secured Party:

PARKER-HANNIFIN CORPORATION

By: Timothy K. Pistell
Name: Timothy K. Pistell
Title: VP - Finance and Administration & CFO

ATTACHMENT 1

TO SECURITY AGREEMENT

All right, title, interest, claims and demands of the Company in and to the following property:

(i) All goods and equipment now owned or hereafter acquired, including, without limitation, all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing, wherever located;

(ii) All inventory now owned or hereafter acquired, including without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of the Company's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and the Company's books relating to any of the foregoing;

(iii) All contract rights, general intangibles, health care insurance receivables, payment intangibles and commercial tort claims, now owned or hereafter acquired, including without limitation all patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, trade secrets, methods, processes, know how, drawings, specifications, descriptions and all memoranda, notes and records with respect to any research and development, goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind and whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media;

(iv) All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to the Company arising out of the sale or lease of goods, the licensing of technology or the rendering of services by the Company (subject, in each case, to the contractual rights of third parties to require funds received by the Company to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties and other security therefor, as well as all merchandise returned to or reclaimed by the Company and the Company's books relating to any of the foregoing;

(v) All documents, cash, deposit accounts, letters of credit, letter of credit rights, supporting obligations, certificates of deposit, instruments, chattel paper, electronic chattel paper, tangible chattel paper and investment property, including without limitation all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and the Company's books relating to the foregoing; and

(vi) Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including without limitation insurance, condemnation, requisition or similar payments and the proceeds thereof.