

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT4225470

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	ASSIGNMENT	
CONVEYING PARTY DATA		
	Name	Execution Date
	GUY JOHN DALEY	10/04/2004
	MARK VITALE	10/04/2004
	NICHOLAS GIMBRONE	10/04/2004
	ROSS PATTERSON	10/04/2004
	CATCHFIRE SYSTEMS, INC.	10/04/2004
RECEIVING PARTY DATA		
Name:	NETPRECEPT LTD.	
Street Address:	CEDAR HOUSE	
Internal Address:	HAZELL DRIVE	
City:	NEW PORT, SOUTH WALES	
State/Country:	UNITED KINGDOM	
Postal Code:	NP10 8FY	
PROPERTY NUMBERS Total: 3		
	Property Type	Number
	Application Number:	14572380
	Patent Number:	8914543
	Patent Number:	7162540
CORRESPONDENCE DATA		
Fax Number:	(703)770-7901	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>		
Phone:	7037707900	
Email:	miriam.nelsen@pillsburylaw.com	
Correspondent Name:	PILLSBURY WINTHROP SHAW PITTMAN LLP	
Address Line 1:	P.O. BOX 10500	
Address Line 4:	MCLEAN, VIRGINIA 22102	
ATTORNEY DOCKET NUMBER:	016712-0435853	
NAME OF SUBMITTER:	MIRIAM NELSEN AWAN	
SIGNATURE:	/Miriam Nelsen Awan/	

Total Attachments: 104

source=016712-0435853_Assignment2#page1.tif
source=016712-0435853_Assignment2#page2.tif
source=016712-0435853_Assignment2#page3.tif
source=016712-0435853_Assignment2#page4.tif
source=016712-0435853_Assignment2#page5.tif
source=016712-0435853_Assignment2#page6.tif
source=016712-0435853_Assignment2#page7.tif
source=016712-0435853_Assignment2#page8.tif
source=016712-0435853_Assignment2#page9.tif
source=016712-0435853_Assignment2#page10.tif
source=016712-0435853_Assignment2#page11.tif
source=016712-0435853_Assignment2#page12.tif
source=016712-0435853_Assignment2#page13.tif
source=016712-0435853_Assignment2#page14.tif
source=016712-0435853_Assignment2#page15.tif
source=016712-0435853_Assignment2#page16.tif
source=016712-0435853_Assignment2#page17.tif
source=016712-0435853_Assignment2#page18.tif
source=016712-0435853_Assignment2#page19.tif
source=016712-0435853_Assignment2#page20.tif
source=016712-0435853_Assignment2#page21.tif
source=016712-0435853_Assignment2#page22.tif
source=016712-0435853_Assignment2#page23.tif
source=016712-0435853_Assignment2#page24.tif
source=016712-0435853_Assignment2#page25.tif
source=016712-0435853_Assignment2#page26.tif
source=016712-0435853_Assignment2#page27.tif
source=016712-0435853_Assignment2#page28.tif
source=016712-0435853_Assignment2#page29.tif
source=016712-0435853_Assignment2#page30.tif
source=016712-0435853_Assignment2#page31.tif
source=016712-0435853_Assignment2#page32.tif
source=016712-0435853_Assignment2#page33.tif
source=016712-0435853_Assignment2#page34.tif
source=016712-0435853_Assignment2#page35.tif
source=016712-0435853_Assignment2#page36.tif
source=016712-0435853_Assignment2#page37.tif
source=016712-0435853_Assignment2#page38.tif
source=016712-0435853_Assignment2#page39.tif
source=016712-0435853_Assignment2#page40.tif
source=016712-0435853_Assignment2#page41.tif
source=016712-0435853_Assignment2#page42.tif
source=016712-0435853_Assignment2#page43.tif
source=016712-0435853_Assignment2#page44.tif
source=016712-0435853_Assignment2#page45.tif
source=016712-0435853_Assignment2#page46.tif

source=016712-0435853_Assignment2#page47.tif
source=016712-0435853_Assignment2#page48.tif
source=016712-0435853_Assignment2#page49.tif
source=016712-0435853_Assignment2#page50.tif
source=016712-0435853_Assignment2#page51.tif
source=016712-0435853_Assignment2#page52.tif
source=016712-0435853_Assignment2#page53.tif
source=016712-0435853_Assignment2#page54.tif
source=016712-0435853_Assignment2#page55.tif
source=016712-0435853_Assignment2#page56.tif
source=016712-0435853_Assignment2#page57.tif
source=016712-0435853_Assignment2#page58.tif
source=016712-0435853_Assignment2#page59.tif
source=016712-0435853_Assignment2#page60.tif
source=016712-0435853_Assignment2#page61.tif
source=016712-0435853_Assignment2#page62.tif
source=016712-0435853_Assignment2#page63.tif
source=016712-0435853_Assignment2#page64.tif
source=016712-0435853_Assignment2#page65.tif
source=016712-0435853_Assignment2#page66.tif
source=016712-0435853_Assignment2#page67.tif
source=016712-0435853_Assignment2#page68.tif
source=016712-0435853_Assignment2#page69.tif
source=016712-0435853_Assignment2#page70.tif
source=016712-0435853_Assignment2#page71.tif
source=016712-0435853_Assignment2#page72.tif
source=016712-0435853_Assignment2#page73.tif
source=016712-0435853_Assignment2#page74.tif
source=016712-0435853_Assignment2#page75.tif
source=016712-0435853_Assignment2#page76.tif
source=016712-0435853_Assignment2#page77.tif
source=016712-0435853_Assignment2#page78.tif
source=016712-0435853_Assignment2#page79.tif
source=016712-0435853_Assignment2#page80.tif
source=016712-0435853_Assignment2#page81.tif
source=016712-0435853_Assignment2#page82.tif
source=016712-0435853_Assignment2#page83.tif
source=016712-0435853_Assignment2#page84.tif
source=016712-0435853_Assignment2#page85.tif
source=016712-0435853_Assignment2#page86.tif
source=016712-0435853_Assignment2#page87.tif
source=016712-0435853_Assignment2#page88.tif
source=016712-0435853_Assignment2#page89.tif
source=016712-0435853_Assignment2#page90.tif
source=016712-0435853_Assignment2#page91.tif
source=016712-0435853_Assignment2#page92.tif
source=016712-0435853_Assignment2#page93.tif
source=016712-0435853_Assignment2#page94.tif

source=016712-0435853_Assignment2#page95.tif
source=016712-0435853_Assignment2#page96.tif
source=016712-0435853_Assignment2#page97.tif
source=016712-0435853_Assignment2#page98.tif
source=016712-0435853_Assignment2#page99.tif
source=016712-0435853_Assignment2#page100.tif
source=016712-0435853_Assignment2#page101.tif
source=016712-0435853_Assignment2#page102.tif
source=016712-0435853_Assignment2#page103.tif
source=016712-0435853_Assignment2#page104.tif

ASSIGNMENT AND QUITCLAIM OF INTERESTS

THIS ASSIGNMENT AND QUITCLAIM OF INTERESTS ("Assignment") is made this 4th day of October, 2004, by Guy John Daley ("Assignor") for the benefit of NetPrecept Ltd.. ("Assignee").

WHEREAS, Assignor is the holder of a Secured Convertible Promissory Note, dated as of February 13, 2004, in the original principal amount of Twenty Two Thousand Dollars and Two Cents (\$22,000.02) (the "Note"), made by CatchFIRE Systems, Inc., a Delaware corporation ("CatchFIRE"); and

WHEREAS, pursuant to that certain Security Agreement, dated as of February 13, 2004, by and among Assignor, CatchFIRE and certain other investors named therein (the "Security Agreement"), CatchFIRE granted a security interest in certain of its assets as security for payment of the Note and other notes payable by CatchFIRE; and

WHEREAS, certain parties to the Security Agreement have previously foreclosed on their security interest in certain assets of CatchFIRE (the "CatchFIRE Assets"); and

WHEREAS, Assignor desires by this Assignment to transfer and assign to Assignee all of the Assignor's rights and interest in and to the CatchFIRE Assets (collectively, the "Assigned Interests"), and Assignee desires by this Assignment to purchase and accept the same.

NOW THEREFORE, FOR AND IN CONSIDERATION of good and valuable consideration of Ten Dollars (\$10) and the consideration identified on Exhibit A hereto (the "Consideration"), the receipt and adequacy of which are acknowledged by Assignor, Assignor and Assignee agree as follows:

Section 1. Assignment.

Assignor assigns to Assignee and Assignee accepts from Assignor all of Assignor's right, title and interest, if any, in and to Assigned Interests. Assignor represents and warrants that it has not previously assigned any interest in the Assigned Interests to any third party. Assignee shall pay Assignor the Consideration upon execution of this Assignment.

Section 2. General.

2.1 Applicable Law. All questions concerning the construction, validity and interpretation of this Assignment and the performance of the obligations imposed hereby shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Virginia.

2.2 Further Assurances. Assignor agrees that he will cooperate with Assignee and will execute and deliver, or cause to be executed and delivered, all such other instruments, and will take all such other actions, as Assignee may reasonably request from time to time in order to effectuate the provisions hereof.

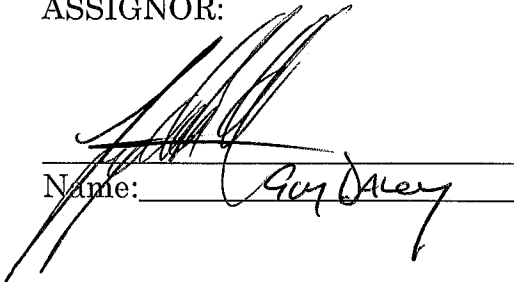
2.3 Binding Agreement; Execution. This Assignment shall be binding upon and shall inure to the benefit of the respective successors and assigns of Assignor and Assignee. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Signatures transmitted by facsimile shall be valid as proof of the execution of this Assignment.

IN WITNESS WHEREOF, Assignor has executed this Assignment the day and year first above written.

WITNESS:



ASSIGNOR:


Name: Gay Dacey

ASSIGNEE:

_____(name of assignee)

Name: _____
Title: _____

EXHIBIT A

CONSIDERATION

Twenty Thousand (20,000) shares of common stock in Netprecept Ltd.

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**SECURED CONVERTIBLE PROMISSORY NOTE
OF
CatchFIRE Systems, Inc.**

\$[_____]

Made as of February 13, 2004

For value received, CatchFIRE Systems, Inc. a Delaware corporation (the "**Company**"), hereby promises to pay to [_____] ("**Holder**"), or such Holder's registered assigns, the principal sum of [_____] (\$_____) (the "**Principal Amount**"), or such lesser amount as shall then equal the outstanding principal amount hereunder, together with simple interest on the unpaid principal balance at a rate equal to [five percent (5%)] per annum, computed on the basis of the actual number of days elapsed and a year of 365 days from the date of this Note until the principal amount and all interest accrued thereon are paid (or converted, as provided in Section 6 hereof). Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, the Company shall not be obligated to pay, and the Holder shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder shall be computed on the basis of the Highest Lawful Rate. As used herein, "**Highest Lawful Rate**" means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law. The unpaid Principal Amount, together with any then unpaid accrued interest, shall be due and payable on the earlier of (i) August 13, 2004 (the "**Maturity Date**") or (ii) when such amounts are made automatically due and payable upon or after the occurrence of an Event of Default (as defined below) at the principal offices of the Company or by mail to the address of

the registered holder of this Note in lawful money of the United States, unless this Note shall have been previously converted pursuant to Section 6 hereof.

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees:

1. **DEFINITIONS.** The following definitions shall apply for all purposes of this Note:

1.1 “*Company*” means the “*Company*” as defined above and includes any corporation which shall succeed to or assume the obligations of the Company under this Note.

1.2 “*Conversion Price*” means (a) if the Conversion Stock is the type of capital stock of the Company sold in the Next Financing, an amount equal to 85% of the lowest per share selling price of shares of that stock issued in the Next Financing and (b) if the Conversion Stock is Common Stock of the Company “*Common Stock*”, \$0.1128211 per share. The Conversion Price is subject to adjustment as provided herein.

1.3 “*Conversion Stock*” means the Company’s capital stock sold in the Next Financing, but if the Next Financing does not occur by the Maturity Date, then the term “*Conversion Stock*” means the Common Stock of the Company. The number and character of shares of Conversion Stock are subject to adjustment as provided herein and the term “*Conversion Stock*” shall include stock and other securities and property at any time receivable or issuable upon conversion of this Note in accordance with its terms.

1.4 “*Holder*” means any person who shall at the time be the registered holder of this Note.

1.5 “*Next Financing*” means the Company’s next sale to one or more investors, of its capital stock in one transaction or a series of related transactions occurring on or before the Maturity Date for an aggregate purchase price paid to the Company of not less than One Million Dollars (\$1,000,000).

1.6 “*Note*” means this Convertible Promissory Note.

2. **DEFAULT; ACCELERATION OF OBLIGATION.** The Company will be deemed to be in default under this Note, upon the occurrence of any of the following events (each an “*Event of Default*”): (a) upon the Company’s failure to make any payment when due under this Note; (b) upon the filing by or against the Company of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; *provided, however*, with respect to an involuntary petition in bankruptcy, such petition has not been dismissed within thirty (30) days after the filing of such petition; or (c) upon the execution by the Company of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of the Company’s assets or property.

3. **SECURITY.** Payment of this Note is secured by a security interest in assets and properties of Borrower granted pursuant to the terms and conditions of a Security Agreement

dated of even date herewith among Borrower and Lender, as such may be amended from time to time by the agreement of both parties (the "*Security Agreement*").

4. **REMEDIES ON DEFAULT; ACCELERATION.** Upon any Event of Default, Holder will have the right to pursue its remedies under the Security Agreement and may pursue any legal or equitable remedies that are available to Holder thereunder, and may declare the entire unpaid principal amount of this Note and all unpaid accrued interest under this Note to be immediately due and payable in full, provided, that Holder agrees not to take any action under this Section 4 unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes issued under the Purchase Agreement (as defined below) consent in writing to such action.

5. **NOTE PURCHASE AGREEMENT.** This Note is being issued pursuant to that certain Note Purchase Agreement, dated as of the date hereof (the "*Purchase Agreement*"), by and among the Company and the Investors listed therein, including the Holder, and is subject to its terms. Capitalized terms not defined herein shall have the meanings given them in the Purchase Agreement

6. **CONVERSION.**

6.1 **Conversion in Next Financing.** In the event the Company does not pay the full principal amount of and accrued interest on this Note before the Next Financing, then, at the closing of the Next Financing (or the first closing in a series of closings) (the "*Closing*"), all principal and accrued interest and other sums then accrued thereunder on this Note shall automatically convert into shares of Conversion Stock at the Conversion Price. Each Holder whose Note is so converted will deliver the original Note to the Company and will execute and deliver to the Company at the Closing such stock purchase agreement, investors' rights agreement, co-sale agreement, voting agreement and/or other agreements as are entered into by the investors in the Next Financing generally.

6.2 **Conversion When No Next Financing.** At any time prior to the Next Financing, or after the Maturity Date if there has not been a Next Financing, the Holder has the right, at the Holder's option, prior to the repayment of the outstanding balance under the Note by the Company, to convert such outstanding balance of this Note, in whole or in part, into Conversion Stock at the Conversion Price. Conversion under this Section 6.2 shall occur only upon surrender of this Note for conversion at the principal offices of the Company, accompanied by written notice of election to convert and execution and delivery of such stock purchase agreement and related documents as are generally entered into by investors in the Company.

6.3 **Termination of Rights.** All rights with respect to this Note shall terminate upon the issuance of shares of the Conversion Stock upon conversion of this Note, whether or not this Note has been surrendered and whether or not all stock purchase, investors' rights, co-sale, voting or other agreements have been executed and delivered by the Holder to the Company. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company for cancellation as soon as is possible following conversion of this Note. The Holder shall not be entitled to receive the stock certificate representing the shares of Conversion Stock to be issued

upon conversion of this Note until the original of this Note is surrendered to the Company and the agreements referenced in this Section 6 have been executed and delivered to the Company.

7. **ISSUANCE OF CONVERSION STOCK.** As soon as practicable after conversion of this Note, the Company at its expense will cause to be issued in the name of and delivered to the Holder, a certificate or certificates for the number of shares of Conversion Stock to which the Holder shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of the Company, by the Company's Certificate of Incorporation or Bylaws, or by any agreement between the Company and the Holder), together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made, (a) if made under Section 6.1 above, on the date of the Closing of the Next Financing, and (b) if made under Section 6.2 above, immediately prior to the close of business on the date that this Note shall have been surrendered for conversion, accompanied by written notice of election to convert. No fractional shares will be issued upon conversion of this Note. If upon any conversion of this Note (and all other convertible securities held by the Holder, after aggregating all such conversions), a fraction of a share would otherwise result, then in lieu of such fractional share the Company will pay the cash value of that fractional share, calculated on the basis of the applicable Conversion Price.

8. **ADJUSTMENT PROVISIONS.** The number and character of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities or property at the time receivable or issuable upon conversion of this Note) and the Conversion Price therefor, are subject to adjustment upon occurrence of the following events between the date this Note is issued and the date it is converted:

8.1 **Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc.** If the conversion is made under Section 6.2 above, the Conversion Price of this Note and the number of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities at the time issuable upon conversion of this Note) shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, reclassification, recapitalization or other similar event affecting the number of outstanding shares of Conversion Stock (or such other stock or securities).

8.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable with respect to the capital stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Section 8.1), or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon conversion of this Note at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Conversion Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had converted this Note immediately prior thereto (all subject to further adjustment as provided in this Note).

8.3 Adjustment for Reorganization, Consolidation, Merger. In case of any reorganization of the Company (or of any other corporation the stock or other securities of which are at the time receivable on the conversion of this Note), after the date this Note, or in case, after such date, the Company (or any such corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation and then distribute the proceeds to its shareholders, then, and in each such case, the Holder, upon the conversion of this Note (as provided in Section 6) at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the conversion of this Note prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such reorganization, consolidation, merger or conveyance if the Holder had converted this Note immediately prior thereto, all subject to further adjustment as provided in this Note, and the successor or purchasing corporation in such reorganization, consolidation, merger or conveyance (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of this Note after the consummation of such reorganization, consolidation, merger or conveyance.

8.4 Conversion of Stock. In case all the authorized Conversion Stock of the Company is converted, pursuant to the Company's Certificate of Incorporation, into Common Stock or other securities or property, or the Conversion Stock otherwise ceases to exist, then, in such case, the Holder, upon conversion of this Note at any time after the date on which the Conversion Stock is so converted or ceases to exist (the "***Termination Date***"), shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "***Former Number of Shares of Conversion Stock***"), the stock and other securities and property which the Holder would have been entitled to receive upon the Termination Date if the Holder had converted this Note with respect to the Former Number of Shares of Conversion Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Note).

8.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Conversion Stock or other securities issuable upon conversion of this Note. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

8.6 No Change Necessary. The form of this Note need not be changed because of any adjustment in the Conversion Price or in the number of shares of Conversion Stock issuable upon its conversion.

8.7 Reservation of Stock. If at any time the number of shares of Conversion Stock or other securities issuable upon conversion of this Note shall not be sufficient to effect the conversion of this Note, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

9. **NO RIGHTS OR LIABILITIES AS SHAREHOLDER.** This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. **NO IMPAIRMENT.** The Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, willfully avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder under this Note against wrongful impairment. Without limiting the generality of the foregoing, the Company will take all such action as may be necessary or appropriate in order that the Company may duly and validly issue fully paid and nonassessable shares of Conversion Stock upon the conversion of this Note.

11. **PREPAYMENT.** The Company may at any time, without penalty, upon at least five (5) days' advance written notice to the Holder, prepay in whole or in part the unpaid balance of this Note. All payments will first be applied to the repayment of accrued interest until all then outstanding accrued interest has been paid, and then shall be applied to the repayment of principal.

12. **WAIVERS.** The Company hereby waives notice, presentment, protest and notice of dishonor.

13. **ATTORNEYS' FEES.** In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

14. **TRANSFER.** Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Note may be assigned, conveyed or transferred without the prior written consent of the Company to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Holder; provided, further, that such transferee executes an acknowledgement that such transferee is subject to all the terms and conditions of this Note and satisfies the Company as to compliance with State and federal securities law. The rights and obligations of the Company and the Holder under this Note shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

15. **GOVERNING LAW.** This Note shall be governed by and construed under the internal laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to principles of conflict of laws or choice of laws.

16. **HEADINGS.** The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

17. **NOTICES.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party on Exhibit A to the Purchase Agreement or, in the case of the Company, at 5885 Trinity Parkway, Suite 220, Centreville, VA 20120, or at such other address as any party or the Company may designate by giving ten (10) days' advance written notice to all other parties.

18. **AMENDMENTS AND WAIVERS.** This Note may be amended and provisions may be waived only in accordance with the provisions of Section 6.8 of the Purchase Agreement.

19. **SEVERABILITY.** If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name as of the date first above written.

[COMPANY]

By: _____

Name: _____

Title: _____

AGREED AND ACKNOWLEDGED:

THE HOLDER

Printed Name: _____

SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “*Agreement*”) is dated as of February 13, 2004, among the Persons set forth on the signature pages hereto (each, a “*Purchaser*” and collectively, the “*Secured Party*”) and CatchFIRE Systems, Inc., a Delaware corporation (“*Borrower*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Note Purchase Agreement dated as of the date hereof between the Borrower and the Purchasers (the “*Purchase Agreement*”).

The parties agree as follows:

ARTICLE I

ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement will be construed in accordance with GAAP. The terms “including” and “includes” always mean “including (or includes) without limitation,” in this Agreement. This Agreement shall be construed to impart upon Secured Party a duty to act reasonably at all times.

ARTICLE II

CREATION OF SECURITY INTEREST

2.1 Grant of Security Interest. Borrower grants Secured Party a continuing security interest in, and lien on, all right, title and interest of Borrower presently existing and later acquired in, to and under the Collateral to secure the Obligations and performance of each of Borrower’s duties under this Agreement, the Purchase Agreement and the Related Agreements. Except for Permitted Liens, any security interest will be a first priority security interest in the Collateral. If this Agreement is terminated, Secured Party’s lien and security interest in the Collateral will continue until Borrower fully satisfies the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

3.1 Due Organization and Authorization. Borrower is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified. The execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with Borrower’s formation documents, nor constitute an event of default under any material agreement by which Borrower is bound.

3.2 Collateral. Borrower is the legal and beneficial owner of, and has good title to the Collateral, free of Liens except Permitted Liens.

3.3 No Violation. The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or other government instrumentality, domestic or foreign, applicable to it, or of its certificate of incorporation or by-laws, or of any securities issued by it, or of any mortgage, indenture, lease, deed of trust, loan agreement or other material contract, agreement or instrument or undertaking to which it is a party or which purports to be binding upon it or upon any of its assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrances on any of its assets, except as contemplated by this Agreement.

3.4 Creation of Security Interest. Upon filing any financing statements in the relevant filing offices, the security interest granted pursuant to this Agreement in the Collateral will constitute a valid, first-priority, perfected security interest in and lien on such Collateral, enforceable as such against all creditors of the Debtor and any Persons purporting to purchase any Collateral from the Debtor.

3.5 Chief Executive Office Location. The Company's tangible Collateral and its principal place of business and chief executive office are located in Centreville, Virginia.

ARTICLE IV AFFIRMATIVE COVENANTS

Borrower will do all of the following:

4.1 Government Compliance. Borrower will maintain its legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to cause a material adverse effect on Borrower's business or operations. Borrower will comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business or operations.

4.2 Taxes. Borrower will make timely payment of all material federal, state, and local taxes or assessments and will deliver to Secured Party, on demand, appropriate certificates attesting to the payment.

4.3 Insurance. Borrower will keep its business and the Collateral insured for risks and in amounts, as Secured Party requests. Insurance policies will be in a form, with companies, and in amounts that are reasonably satisfactory to Secured Party. All property policies will have a lender's loss payable endorsement showing Secured Party as an additional loss payee and all liability policies will show the Secured Party as an additional insured and all policies will provide that the insurer must give Secured Party at least 20 days notice before canceling its policy. At Secured Party's written request, Borrower will deliver certified copies of policies and evidence of all premium payments. So long as no Event of Default has occurred and is

continuing, Borrower shall have the option of applying the proceeds of any casualty policy to the replacement or repair of destroyed or damaged property; provided that, after the occurrence and during the continuance of an Event of Default (after applicable notice and cure periods), all proceeds payable under any such casualty policy shall, at the option of Secured Party, be payable to Secured Party on account of the Obligations.

4.4 Further Assurances. Borrower will execute any further instruments and take further action as Secured Party reasonably requests to perfect or continue Secured Party's security interest in the Collateral or to effect the purposes of this Agreement.

4.5 Maintenance of the Collateral. The Debtor shall at all times from and after the date of this Agreement until the Obligations have been paid in full take all commercially reasonable steps to protect the Collateral and the first-priority, perfected security interest of the Secured Parties in the Collateral.

4.6 Financing Statements. The Borrower will, at the request of the Secured Party, execute any reasonable financing statement submitted to it by such party with respect to its interest in the Collateral.

ARTICLE V NEGATIVE COVENANTS

Borrower will not do any of the following without Secured Party's prior written consent:

5.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively "*Transfer*") all or any part of its business or property, other than Transfers (i) of Inventory in the ordinary course of business; (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower in the ordinary course of business; or (iii) of worn-out or obsolete Equipment.

5.2 Changes in Business, Ownership, Management or Business Locations. Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto or have a material change in its ownership or management (other than the sale of Borrower's equity securities in a public offering or to venture capital investors). Borrower will not, without at least 30 days prior written notice, relocate its chief executive office or add any new offices or business locations.

5.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person, except where no Event of Default has occurred and is continuing or would result from such action during the term of this Agreement.

5.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness other than Permitted Indebtedness.

5.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted here, subject to Permitted Liens.

ARTICLE VI EVENTS OF DEFAULT

Any one of the following is an Event of Default:

6.1 Payment Default. If any Obligation or any other amount due the Secured Party pursuant to the terms of this Agreement or the Related Agreement is not paid when due.

6.2 Notes. If there is an Event of Default under the Notes.

ARTICLE VII SECURED PARTY'S RIGHTS AND REMEDIES

7.1 Rights and Remedies. When an Event of Default occurs and continues (after applicable notice and cure periods (if any) Secured Party may, subject to Section 7.7, without notice or demand, do any or all of the following to the extent allowed by applicable law:

- (a) Declare all Obligations immediately due and payable;
- (b) Settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Secured Party considers advisable;
- (c) Make any payments and do any acts it considers reasonably necessary or reasonable to protect its security interest in the Collateral.
- (d) Apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Secured Party owing to or for the credit or the account of Borrower; and
- (e) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral.

7.2 Accounts Collection. When an Event of Default occurs and continues after applicable notice and cure periods, Secured Party may notify any Person owing Borrower money of Secured Party's security interest in the funds and verify the amount of the Account. Borrower must collect all payments in trust for Secured Party and, if requested by Secured Party, immediately deliver the payments to Secured Party in the form received from the account debtor, with proper endorsements for deposit.

7.3 Secured Party Expenses. If Borrower fails to pay any amount when due or furnish any required proof of payment to third persons, Secured Party may make all or part of the payment or obtain insurance policies required in Section 4.3, and take any action under the policies Secured Party deems prudent. Any amounts paid by Secured Party are Secured Party Expenses and immediately due and payable, bearing interest at the then applicable rate and secured by the Collateral. No payments by Secured Party are deemed an agreement to make similar payments in the future or Secured Party's waiver of any Event of Default.

7.4 Secured Party's Liability for Collateral. If Secured Party complies with Section 9-207 of the Code, it is not liable for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other person. Borrower bears all risk of loss, damage or destruction of the Collateral.

7.5 Remedies Cumulative. Secured Party's rights and remedies under this Agreement, the Transaction Documents, and all other agreements are cumulative. Secured Party has all rights and remedies provided under the Code, by law, or in equity. Secured Party's exercise of one right or remedy is not an election, and Secured Party's waiver of any Event of Default is not a continuing waiver. Secured Party's delay is not a waiver, election, or acquiescence. No waiver is effective unless in writing and signed by Secured Party and then is only effective for the specific instance and purpose for which it was given.

7.6 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Secured Party on which Borrower is liable.

7.7 Limitation on Remedies. Each Purchaser agrees not to take any action under this ARTICLE VII unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes consent in writing to such action

ARTICLE VIII

NOTICES

All notices or demands by any party about this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to the addresses set forth in the Purchase Agreement. A party may change its notice address by giving the other party written notice.

ARTICLE IX

CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE

WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF BORROWER AND SECURED PARTY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF DELAWARE.

BORROWER AND SECURED PARTY EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THIS AGREEMENT OR THE RELATED AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN OR HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

ARTICLE X

GENERAL PROVISIONS

10.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. No party hereto may assign this Agreement or any rights under it without the other parties' prior written consent.

10.2 Indemnification. Borrower will indemnify, defend and hold harmless Secured Party and its officers, directors, employees, and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Transaction Documents; and (b) all losses or Secured Party Expenses incurred, or paid by Secured Party from, following, or consequential to transactions between Secured Party and Borrower (including reasonable attorneys fees and expenses), except that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the negligence of willful misconduct of Secured Party.

10.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

10.4 Amendments in Writing, Integration. All amendments to this Agreement must be in writing and signed by Borrower and Secured Party. This Agreement represents the entire agreement about this subject matter, and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement merge into this Agreement and the Transaction Documents.

10.5 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

10.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligations of Borrower in Section 10.2 to indemnify Secured Party will survive until all statutes of limitations for actions that may be brought against Secured Party have run.

10.7 Countersignature. This Agreement shall become effective only when it shall have been executed by Borrower and Secured Party.

10.8 Attorneys' Fees, Costs and Expenses. Upon the occurrence of an Event of Default, the Secured Party will be entitled to recover its reasonable attorneys' fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled whether or not litigation is commenced.

10.9 Secured Party Appointed Attorney-in-Fact and Proxy. The Borrower hereby appoints the Secured Party with full power of substitution, as the Borrower's true lawful attorney-in-fact, and in the name and on behalf of the Borrower and at the Borrower's expense, from time to time in the Secured Party's discretion from and after the occurrence and during the continuance of a Default to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to perfect, protect or enforce any right or security interest hereunder or otherwise accomplish the purposes of this Agreement, including, without limitation, to execute and file along any financing statement and any document or instrumented under any other applicable laws, and to receive, endorse and collect all instruments made payable to the Borrower representing any dividend or other distribution in respect of any of the Collateral and to give full discharge for the same. The Borrower ratifies and approves all such acts of such attorney and proxy. The Secured Party will not be liable for any acts or omissions, nor for any error of judgment or mistake of fact or law, other than its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. This power, being coupled with an interest, is irrevocable until all Liabilities have been paid in full.

10.10 Counsel to the Secured Party. The Secured Party acknowledges that it has relied on its own legal counsel in connection with the transaction contemplated by this Agreement.

ARTICLE XI

AGREEMENTS OF THE SECURED PARTY

11.1 Secured Obligations Pari Passu. Each of the Purchasers hereby acknowledges that the Liens on the Collateral secure on a pari passu basis all of the Obligations, notwithstanding: (a) the invalidity, or any period in time of creation, attachment or perfection, on any Lien on any Collateral; (b) the time or sequence in which any documentation relative or pertaining to this Agreement or the Related Agreements was executed or delivered; (c) the time or sequence in which any Obligations become due (whether at their stated maturity, by acceleration or otherwise) or were or are incurred; or (d) the time or sequence of commencement or completion of any proceeding to enforce or collect the Obligations or the time or sequence in

which any order or judgment in respect thereof is made or entered or any execution is obtained or registered or any other proceeding is commenced or completed.

11.2 Sharing of Payments. Each Purchaser agrees that any payment of any kind (including, without limitation, any payment resulting from a set-off of a deposit account) received by it on account of the Obligations (each such payment, a “***Shared Payment***”) from or on behalf of the Company at any time after the occurrence of an Event of Default is to be distributed among the Purchasers, ratably in accordance with the respective amounts of the Obligations then held by each Purchaser, without discrimination or preference, with any balance remaining after such distribution among the Purchasers to be distributed to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

11.3 Exercise of Rights. Each Purchaser agrees that, so long as an Event of Default shall be continuing, no Purchaser shall, without the written consent of the Requisite Purchasers, exercise any of the rights and remedies of the Secured Party under this Agreement.

ARTICLE XII DEFINITIONS

12.1 Definitions. In this Agreement:

“**Accounts**” are all existing and later arising accounts, contract rights, and other obligations owed Borrower in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing (including, without limitation, all “accounts” as that term is used in the Code).

“**Affiliate**” of a Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

“**Business Day**” is any day that the United States mails are delivered in Centreville, Virginia.

“**Closing Date**” is the date of this Agreement.

“**Code**” is the Virginia Uniform Commercial Code.

“**Collateral**” is the property described on Exhibit A.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but **“Contingent Obligation”** does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

“Equipment” is all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest (including, without limitation, all “equipment” as that term is used in the Code).

“ERISA” is the Employment Retirement Income Security Act of 1974, and its regulations.

“Final Payment” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the Maturity Date.

“GAAP” is United States generally accepted accounting principles.

“General Intangibles” means all **general intangibles** (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations.

“Insolvency Proceeding” are proceedings by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Inventory” is present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or later owned by or in the custody or possession, actual or constructive, of Borrower, including inventory temporarily out of its custody or possession or in transit and including returns on any accounts or other proceeds (including insurance proceeds) from the sale or disposition of any of the foregoing and any documents of title (including, without limitation, all “inventory” as that term is used in the Code).

“Investment” is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“Lien” is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Obligations” are debts, principal, interest, Secured Party Expenses and other amounts Borrower owes Secured Party now or later, including accounts payable hereunder or under the Notes, the Purchase Agreement, or the other Related Documents.

“Other Equipment” is non-transferable software licenses.

“Permitted Indebtedness” is:

- (a) Borrower’s indebtedness to Secured Party under this Agreement or the Notes;
 - (b) Indebtedness existing on the Closing Date;
 - (c) Indebtedness to trade creditors incurred in the ordinary course of business;
- and
- (d) Indebtedness secured by Permitted Liens.

“Permitted Investments” are:

- (a) Investments existing on the Closing Date; and
- (b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any State maturing within 1 year from its acquisition and (ii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor’s or Moody’s.

“Permitted Liens” shall mean liens:

- (a) for taxes, assessments or governmental charges or levies on property of the Company if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings, adequate reserves having been provided for the payment thereof;
- (b) imposed by law, such as carriers, warehousemen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business;

(c) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from its value or impair its use;

(e) purchase money security interests on equipment in an aggregate amount not exceeding \$10,000; and

(f) arising by operation of law in favor of the owner of sublessor of leased premises and confined to the property rented.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company association, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Purchase Agreement" means that certain Note Purchase Agreement among Borrower and Secured Party made of even date herewith.

"Related Agreements" means the Notes and the Note Purchase Agreement.

"Secured Party Expenses" are all audit fees and expenses and reasonable costs and expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing this Agreement, the Purchase Agreement and the Related Agreements (including appeals or Insolvency Proceedings).

"Schedule" is any schedule attached hereto.

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's indebtedness owed to Secured Party and which is reflected in a written agreement in a manner and form acceptable to Secured Party and approved by Secured Party in writing.

BORROWER:

By: _____

Title: _____

SECURED PARTY:

[Name of Purchaser]

By _____

Name:

Its:

Amount of Notes Purchased: \$ _____

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), 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;

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 Borrower'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;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, servicemarks, trade styles, trade names, patents, patent applications, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods or otherwise, the licensing of technology or the rendering of services by Borrower, 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 Borrower;

All documents, cash, deposit accounts, securities, securities entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments, documents and chattel paper now owned or hereafter acquired and Borrower's Books relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

All general intangibles (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

The Board of Directors
CatchFIRE Systems Inc.
5885 Trinity Parkway
Suite 220
Centreville – VA20120
USA

Our Ref: CFSI/ISF/BT
Your Ref:
Date: 19th July 2004

To: The Board of CatchFIRE Systems, Inc

Ref: CatchFIRE Systems, Inc., Security Agreement dated Feb 13th 2004

Dear Sirs,

It is with regret that I have to inform you that acting with the power of Attorney assigned to me by those with the majority share in the above security agreement that You are in Default under the Terms of the above agreement and are required to comply with the following.

Please take this letter as formal notification of the seizure of all assets and Intellectual Property under the terms of the above agreement with CatchFIRE Systems Inc. with immediate effect.

Any collateral, whatsoever the content or condition, should be made available to CatchFIRE Systems International Ltd, without delay.

In the first instance, please liaise with Guy Daley of CatchFIRE Systems International Ltd guy.daley@comcast.net who is responsible for managing this action.

Yours faithfully,



Iain S. Fraser
Chief Operations Officer

CC: Boyes Turner
Guy Daley

CatchFIRE Systems International Ltd.
110 Parkway, Solent Business Park, Fareham, Hampshire PO15 7AB
Tel: +44 (0) 1489 611734 Fax: +44 (0) 1489 611735

Company Reg No: 5040201

PATENT
REEL: 041369 FRAME: 0562

ASSIGNMENT AND QUITCLAIM OF INTERESTS

THIS ASSIGNMENT AND QUITCLAIM OF INTERESTS ("Assignment") is made this 4th day of October, 2004, by Mark Vitale ("Assignor") for the benefit of NetPrecept Ltd. ("Assignee").

WHEREAS, Assignor is the holder of a Secured Convertible Promissory Note, dated as of February 13, 2004, in the original principal amount of Five Thousand, Nine Hundred and Thirty Eight Dollars and Thirty Two Cents (\$5,938.32) (the "Note"), made by CatchFIRE Systems, Inc., a Delaware corporation ("CatchFIRE"); and

WHEREAS, pursuant to that certain Security Agreement, dated as of February 13, 2004, by and among Assignor, CatchFIRE and certain other investors named therein (the "Security Agreement"), CatchFIRE granted a security interest in certain of its assets as security for payment of the Note and other notes payable by CatchFIRE; and

WHEREAS, certain parties to the Security Agreement have previously foreclosed on their security interest in certain assets of CatchFIRE (the "CatchFIRE Assets"); and

WHEREAS, Assignor desires by this Assignment to transfer and assign to Assignee all of the Assignor's rights and interest in and to the CatchFIRE Assets (collectively, the "Assigned Interests"), and Assignee desires by this Assignment to purchase and accept the same.

NOW THEREFORE, FOR AND IN CONSIDERATION of good and valuable consideration of Ten Dollars (\$10) and the consideration identified on Exhibit A hereto (the "Consideration"), the receipt and adequacy of which are acknowledged by Assignor, Assignor and Assignee agree as follows:

Section 1. Assignment.

Assignor assigns to Assignee and Assignee accepts from Assignor all of Assignor's right, title and interest, if any, in and to Assigned Interests. Assignor represents and warrants that it has not previously assigned any interest in the Assigned Interests to any third party. Assignee shall pay Assignor the Consideration upon execution of this Assignment.

Section 2. General.

2.1 Applicable Law. All questions concerning the construction, validity and interpretation of this Assignment and the performance of the obligations

imposed hereby shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Virginia.

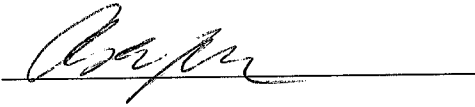
2.2 Further Assurances. Assignor agrees that he will cooperate with Assignee and will execute and deliver, or cause to be executed and delivered, all such other instruments, and will take all such other actions, as Assignee may reasonably request from time to time in order to effectuate the provisions hereof.

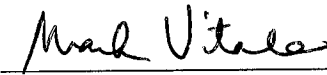
2.3 Binding Agreement; Execution. This Assignment shall be binding upon and shall inure to the benefit of the respective successors and assigns of Assignor and Assignee. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Signatures transmitted by facsimile shall be valid as proof of the execution of this Assignment.

IN WITNESS WHEREOF, Assignor has executed this Assignment the day and year first above written.

WITNESS:

ASSIGNOR:


Elmira Arapadze
admin. exp. 29/10/2006


Name: MARK VITALE

ASSIGNEE:

_____(name of assignee)

Name: _____
Title: _____

EXHIBIT A

CONSIDERATION

**Nine Thousand, Five Hundred and Eighty One (9,581) shares of common
stock in Netprecept Ltd.**

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**SECURED CONVERTIBLE PROMISSORY NOTE
OF
CatchFIRE Systems, Inc.**

\$[_____]

Made as of February 13, 2004

For value received, CatchFIRE Systems, Inc. a Delaware corporation (the "**Company**"), hereby promises to pay to [_____] ("**Holder**"), or such Holder's registered assigns, the principal sum of [_____] (\$_____) (the "**Principal Amount**"), or such lesser amount as shall then equal the outstanding principal amount hereunder, together with simple interest on the unpaid principal balance at a rate equal to [five percent (5%)] per annum, computed on the basis of the actual number of days elapsed and a year of 365 days from the date of this Note until the principal amount and all interest accrued thereon are paid (or converted, as provided in Section 6 hereof). Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, the Company shall not be obligated to pay, and the Holder shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder shall be computed on the basis of the Highest Lawful Rate. As used herein, "**Highest Lawful Rate**" means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law. The unpaid Principal Amount, together with any then unpaid accrued interest, shall be due and payable on the earlier of (i) August 13, 2004 (the "**Maturity Date**") or (ii) when such amounts are made automatically due and payable upon or after the occurrence of an Event of Default (as defined below) at the principal offices of the Company or by mail to the address of

the registered holder of this Note in lawful money of the United States, unless this Note shall have been previously converted pursuant to Section 6 hereof.

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees:

1. **DEFINITIONS.** The following definitions shall apply for all purposes of this Note:

1.1 “**Company**” means the “**Company**” as defined above and includes any corporation which shall succeed to or assume the obligations of the Company under this Note.

1.2 “**Conversion Price**” means (a) if the Conversion Stock is the type of capital stock of the Company sold in the Next Financing, an amount equal to 85% of the lowest per share selling price of shares of that stock issued in the Next Financing and (b) if the Conversion Stock is Common Stock of the Company “**Common Stock**”, \$0.1128211 per share. The Conversion Price is subject to adjustment as provided herein.

1.3 “**Conversion Stock**” means the Company’s capital stock sold in the Next Financing, but if the Next Financing does not occur by the Maturity Date, then the term “**Conversion Stock**” means the Common Stock of the Company. The number and character of shares of Conversion Stock are subject to adjustment as provided herein and the term “**Conversion Stock**” shall include stock and other securities and property at any time receivable or issuable upon conversion of this Note in accordance with its terms.

1.4 “**Holder**” means any person who shall at the time be the registered holder of this Note.

1.5 “**Next Financing**” means the Company’s next sale to one or more investors, of its capital stock in one transaction or a series of related transactions occurring on or before the Maturity Date for an aggregate purchase price paid to the Company of not less than One Million Dollars (\$1,000,000).

1.6 “**Note**” means this Convertible Promissory Note.

2. **DEFAULT; ACCELERATION OF OBLIGATION.** The Company will be deemed to be in default under this Note, upon the occurrence of any of the following events (each an “**Event of Default**”): (a) upon the Company’s failure to make any payment when due under this Note; (b) upon the filing by or against the Company of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; provided, however, with respect to an involuntary petition in bankruptcy, such petition has not been dismissed within thirty (30) days after the filing of such petition; or (c) upon the execution by the Company of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of the Company’s assets or property.

3. **SECURITY.** Payment of this Note is secured by a security interest in assets and properties of Borrower granted pursuant to the terms and conditions of a Security Agreement

dated of even date herewith among Borrower and Lender, as such may be amended from time to time by the agreement of both parties (the "*Security Agreement*").

4. **REMEDIES ON DEFAULT; ACCELERATION.** Upon any Event of Default, Holder will have the right to pursue its remedies under the Security Agreement and may pursue any legal or equitable remedies that are available to Holder thereunder, and may declare the entire unpaid principal amount of this Note and all unpaid accrued interest under this Note to be immediately due and payable in full, provided, that Holder agrees not to take any action under this Section 4 unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes issued under the Purchase Agreement (as defined below) consent in writing to such action.

5. **NOTE PURCHASE AGREEMENT.** This Note is being issued pursuant to that certain Note Purchase Agreement, dated as of the date hereof (the "*Purchase Agreement*"), by and among the Company and the Investors listed therein, including the Holder, and is subject to its terms. Capitalized terms not defined herein shall have the meanings given them in the Purchase Agreement

6. **CONVERSION.**

6.1 **Conversion in Next Financing.** In the event the Company does not pay the full principal amount of and accrued interest on this Note before the Next Financing, then, at the closing of the Next Financing (or the first closing in a series of closings) (the "*Closing*"), all principal and accrued interest and other sums then accrued thereunder on this Note shall automatically convert into shares of Conversion Stock at the Conversion Price. Each Holder whose Note is so converted will deliver the original Note to the Company and will execute and deliver to the Company at the Closing such stock purchase agreement, investors' rights agreement, co-sale agreement, voting agreement and/or other agreements as are entered into by the investors in the Next Financing generally.

6.2 **Conversion When No Next Financing.** At any time prior to the Next Financing, or after the Maturity Date if there has not been a Next Financing, the Holder has the right, at the Holder's option, prior to the repayment of the outstanding balance under the Note by the Company, to convert such outstanding balance of this Note, in whole or in part, into Conversion Stock at the Conversion Price. Conversion under this Section 6.2 shall occur only upon surrender of this Note for conversion at the principal offices of the Company, accompanied by written notice of election to convert and execution and delivery of such stock purchase agreement and related documents as are generally entered into by investors in the Company.

6.3 **Termination of Rights.** All rights with respect to this Note shall terminate upon the issuance of shares of the Conversion Stock upon conversion of this Note, whether or not this Note has been surrendered and whether or not all stock purchase, investors' rights, co-sale, voting or other agreements have been executed and delivered by the Holder to the Company. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company for cancellation as soon as is possible following conversion of this Note. The Holder shall not be entitled to receive the stock certificate representing the shares of Conversion Stock to be issued

upon conversion of this Note until the original of this Note is surrendered to the Company and the agreements referenced in this Section 6 have been executed and delivered to the Company.

7. **ISSUANCE OF CONVERSION STOCK.** As soon as practicable after conversion of this Note, the Company at its expense will cause to be issued in the name of and delivered to the Holder, a certificate or certificates for the number of shares of Conversion Stock to which the Holder shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of the Company, by the Company's Certificate of Incorporation or Bylaws, or by any agreement between the Company and the Holder), together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made, (a) if made under Section 6.1 above, on the date of the Closing of the Next Financing, and (b) if made under Section 6.2 above, immediately prior to the close of business on the date that this Note shall have been surrendered for conversion, accompanied by written notice of election to convert. No fractional shares will be issued upon conversion of this Note. If upon any conversion of this Note (and all other convertible securities held by the Holder, after aggregating all such conversions), a fraction of a share would otherwise result, then in lieu of such fractional share the Company will pay the cash value of that fractional share, calculated on the basis of the applicable Conversion Price.

8. **ADJUSTMENT PROVISIONS.** The number and character of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities or property at the time receivable or issuable upon conversion of this Note) and the Conversion Price therefor, are subject to adjustment upon occurrence of the following events between the date this Note is issued and the date it is converted:

8.1 **Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc.** If the conversion is made under Section 6.2 above, the Conversion Price of this Note and the number of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities at the time issuable upon conversion of this Note) shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, reclassification, recapitalization or other similar event affecting the number of outstanding shares of Conversion Stock (or such other stock or securities).

8.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable with respect to the capital stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Section 8.1), or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon conversion of this Note at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Conversion Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had converted this Note immediately prior thereto (all subject to further adjustment as provided in this Note).

8.3 Adjustment for Reorganization, Consolidation, Merger. In case of any reorganization of the Company (or of any other corporation the stock or other securities of which are at the time receivable on the conversion of this Note), after the date this Note, or in case, after such date, the Company (or any such corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation and then distribute the proceeds to its shareholders, then, and in each such case, the Holder, upon the conversion of this Note (as provided in Section 6) at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the conversion of this Note prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such reorganization, consolidation, merger or conveyance if the Holder had converted this Note immediately prior thereto, all subject to further adjustment as provided in this Note, and the successor or purchasing corporation in such reorganization, consolidation, merger or conveyance (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of this Note after the consummation of such reorganization, consolidation, merger or conveyance.

8.4 Conversion of Stock. In case all the authorized Conversion Stock of the Company is converted, pursuant to the Company's Certificate of Incorporation, into Common Stock or other securities or property, or the Conversion Stock otherwise ceases to exist, then, in such case, the Holder, upon conversion of this Note at any time after the date on which the Conversion Stock is so converted or ceases to exist (the "***Termination Date***"), shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "***Former Number of Shares of Conversion Stock***"), the stock and other securities and property which the Holder would have been entitled to receive upon the Termination Date if the Holder had converted this Note with respect to the Former Number of Shares of Conversion Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Note).

8.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Conversion Stock or other securities issuable upon conversion of this Note. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

8.6 No Change Necessary. The form of this Note need not be changed because of any adjustment in the Conversion Price or in the number of shares of Conversion Stock issuable upon its conversion.

8.7 Reservation of Stock. If at any time the number of shares of Conversion Stock or other securities issuable upon conversion of this Note shall not be sufficient to effect the conversion of this Note, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

9. **NO RIGHTS OR LIABILITIES AS SHAREHOLDER.** This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. **NO IMPAIRMENT.** The Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, willfully avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder under this Note against wrongful impairment. Without limiting the generality of the foregoing, the Company will take all such action as may be necessary or appropriate in order that the Company may duly and validly issue fully paid and nonassessable shares of Conversion Stock upon the conversion of this Note.

11. **PREPAYMENT.** The Company may at any time, without penalty, upon at least five (5) days' advance written notice to the Holder, prepay in whole or in part the unpaid balance of this Note. All payments will first be applied to the repayment of accrued interest until all then outstanding accrued interest has been paid, and then shall be applied to the repayment of principal.

12. **WAIVERS.** The Company hereby waives notice, presentment, protest and notice of dishonor.

13. **ATTORNEYS' FEES.** In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

14. **TRANSFER.** Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Note may be assigned, conveyed or transferred without the prior written consent of the Company to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Holder; provided, further, that such transferee executes an acknowledgement that such transferee is subject to all the terms and conditions of this Note and satisfies the Company as to compliance with State and federal securities law. The rights and obligations of the Company and the Holder under this Note shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

15. **GOVERNING LAW.** This Note shall be governed by and construed under the internal laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to principles of conflict of laws or choice of laws.

16. **HEADINGS.** The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

17. **NOTICES.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party on Exhibit A to the Purchase Agreement or, in the case of the Company, at 5885 Trinity Parkway, Suite 220, Centreville, VA 20120, or at such other address as any party or the Company may designate by giving ten (10) days' advance written notice to all other parties.

18. **AMENDMENTS AND WAIVERS.** This Note may be amended and provisions may be waived only in accordance with the provisions of Section 6.8 of the Purchase Agreement.

19. **SEVERABILITY.** If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name as of the date first above written.

[COMPANY]

By: _____

Name: _____

Title: _____

AGREED AND ACKNOWLEDGED:

THE HOLDER

Printed Name: _____

SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “*Agreement*”) is dated as of February 13, 2004, among the Persons set forth on the signature pages hereto (each, a “*Purchaser*” and collectively, the “*Secured Party*”) and CatchFIRE Systems, Inc., a Delaware corporation (“*Borrower*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Note Purchase Agreement dated as of the date hereof between the Borrower and the Purchasers (the “*Purchase Agreement*”).

The parties agree as follows:

ARTICLE I

ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement will be construed in accordance with GAAP. The terms “including” and “includes” always mean “including (or includes) without limitation,” in this Agreement. This Agreement shall be construed to impart upon Secured Party a duty to act reasonably at all times.

ARTICLE II

CREATION OF SECURITY INTEREST

2.1 Grant of Security Interest. Borrower grants Secured Party a continuing security interest in, and lien on, all right, title and interest of Borrower presently existing and later acquired in, to and under the Collateral to secure the Obligations and performance of each of Borrower’s duties under this Agreement, the Purchase Agreement and the Related Agreements. Except for Permitted Liens, any security interest will be a first priority security interest in the Collateral. If this Agreement is terminated, Secured Party’s lien and security interest in the Collateral will continue until Borrower fully satisfies the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

3.1 Due Organization and Authorization. Borrower is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified. The execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with Borrower’s formation documents, nor constitute an event of default under any material agreement by which Borrower is bound.

3.2 Collateral. Borrower is the legal and beneficial owner of, and has good title to the Collateral, free of Liens except Permitted Liens.

3.3 No Violation. The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or other government instrumentality, domestic or foreign, applicable to it, or of its certificate of incorporation or by-laws, or of any securities issued by it, or of any mortgage, indenture, lease, deed of trust, loan agreement or other material contract, agreement or instrument or undertaking to which it is a party or which purports to be binding upon it or upon any of its assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrances on any of its assets, except as contemplated by this Agreement.

3.4 Creation of Security Interest. Upon filing any financing statements in the relevant filing offices, the security interest granted pursuant to this Agreement in the Collateral will constitute a valid, first-priority, perfected security interest in and lien on such Collateral, enforceable as such against all creditors of the Debtor and any Persons purporting to purchase any Collateral from the Debtor.

3.5 Chief Executive Office Location. The Company's tangible Collateral and its principal place of business and chief executive office are located in Centreville, Virginia.

ARTICLE IV AFFIRMATIVE COVENANTS

Borrower will do all of the following:

4.1 Government Compliance. Borrower will maintain its legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to cause a material adverse effect on Borrower's business or operations. Borrower will comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business or operations.

4.2 Taxes. Borrower will make timely payment of all material federal, state, and local taxes or assessments and will deliver to Secured Party, on demand, appropriate certificates attesting to the payment.

4.3 Insurance. Borrower will keep its business and the Collateral insured for risks and in amounts, as Secured Party requests. Insurance policies will be in a form, with companies, and in amounts that are reasonably satisfactory to Secured Party. All property policies will have a lender's loss payable endorsement showing Secured Party as an additional loss payee and all liability policies will show the Secured Party as an additional insured and all policies will provide that the insurer must give Secured Party at least 20 days notice before canceling its policy. At Secured Party's written request, Borrower will deliver certified copies of policies and evidence of all premium payments. So long as no Event of Default has occurred and is

continuing, Borrower shall have the option of applying the proceeds of any casualty policy to the replacement or repair of destroyed or damaged property; provided that, after the occurrence and during the continuance of an Event of Default (after applicable notice and cure periods), all proceeds payable under any such casualty policy shall, at the option of Secured Party, be payable to Secured Party on account of the Obligations.

4.4 Further Assurances. Borrower will execute any further instruments and take further action as Secured Party reasonably requests to perfect or continue Secured Party's security interest in the Collateral or to effect the purposes of this Agreement.

4.5 Maintenance of the Collateral. The Debtor shall at all times from and after the date of this Agreement until the Obligations have been paid in full take all commercially reasonable steps to protect the Collateral and the first-priority, perfected security interest of the Secured Parties in the Collateral.

4.6 Financing Statements. The Borrower will, at the request of the Secured Party, execute any reasonable financing statement submitted to it by such party with respect to its interest in the Collateral.

ARTICLE V

NEGATIVE COVENANTS

Borrower will not do any of the following without Secured Party's prior written consent:

5.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively "*Transfer*") all or any part of its business or property, other than Transfers (i) of Inventory in the ordinary course of business; (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower in the ordinary course of business; or (iii) of worn-out or obsolete Equipment.

5.2 Changes in Business, Ownership, Management or Business Locations. Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto or have a material change in its ownership or management (other than the sale of Borrower's equity securities in a public offering or to venture capital investors). Borrower will not, without at least 30 days prior written notice, relocate its chief executive office or add any new offices or business locations.

5.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person, except where no Event of Default has occurred and is continuing or would result from such action during the term of this Agreement.

5.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness other than Permitted Indebtedness.

5.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted here, subject to Permitted Liens.

ARTICLE VI EVENTS OF DEFAULT

Any one of the following is an Event of Default:

6.1 Payment Default. If any Obligation or any other amount due the Secured Party pursuant to the terms of this Agreement or the Related Agreement is not paid when due.

6.2 Notes. If there is an Event of Default under the Notes.

ARTICLE VII SECURED PARTY'S RIGHTS AND REMEDIES

7.1 Rights and Remedies. When an Event of Default occurs and continues (after applicable notice and cure periods (if any) Secured Party may, subject to Section 7.7, without notice or demand, do any or all of the following to the extent allowed by applicable law:

- (a) Declare all Obligations immediately due and payable;
- (b) Settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Secured Party considers advisable;
- (c) Make any payments and do any acts it considers reasonably necessary or reasonable to protect its security interest in the Collateral.
- (d) Apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Secured Party owing to or for the credit or the account of Borrower; and
- (e) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral.

7.2 Accounts Collection. When an Event of Default occurs and continues after applicable notice and cure periods, Secured Party may notify any Person owing Borrower money of Secured Party's security interest in the funds and verify the amount of the Account. Borrower must collect all payments in trust for Secured Party and, if requested by Secured Party, immediately deliver the payments to Secured Party in the form received from the account debtor, with proper endorsements for deposit.

7.3 Secured Party Expenses. If Borrower fails to pay any amount when due or furnish any required proof of payment to third persons, Secured Party may make all or part of the payment or obtain insurance policies required in Section 4.3, and take any action under the policies Secured Party deems prudent. Any amounts paid by Secured Party are Secured Party Expenses and immediately due and payable, bearing interest at the then applicable rate and secured by the Collateral. No payments by Secured Party are deemed an agreement to make similar payments in the future or Secured Party's waiver of any Event of Default.

7.4 Secured Party's Liability for Collateral. If Secured Party complies with Section 9-207 of the Code, it is not liable for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other person. Borrower bears all risk of loss, damage or destruction of the Collateral.

7.5 Remedies Cumulative. Secured Party's rights and remedies under this Agreement, the Transaction Documents, and all other agreements are cumulative. Secured Party has all rights and remedies provided under the Code, by law, or in equity. Secured Party's exercise of one right or remedy is not an election, and Secured Party's waiver of any Event of Default is not a continuing waiver. Secured Party's delay is not a waiver, election, or acquiescence. No waiver is effective unless in writing and signed by Secured Party and then is only effective for the specific instance and purpose for which it was given.

7.6 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Secured Party on which Borrower is liable.

7.7 Limitation on Remedies. Each Purchaser agrees not to take any action under this ARTICLE VII unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes consent in writing to such action

ARTICLE VIII

NOTICES

All notices or demands by any party about this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to the addresses set forth in the Purchase Agreement. A party may change its notice address by giving the other party written notice.

ARTICLE IX

CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE

WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, EACH OF BORROWER AND SECURED PARTY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF DELAWARE.

BORROWER AND SECURED PARTY EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THIS AGREEMENT OR THE RELATED AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN OR HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

ARTICLE X

GENERAL PROVISIONS

10.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. No party hereto may assign this Agreement or any rights under it without the other parties' prior written consent.

10.2 Indemnification. Borrower will indemnify, defend and hold harmless Secured Party and its officers, directors, employees, and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Transaction Documents; and (b) all losses or Secured Party Expenses incurred, or paid by Secured Party from, following, or consequential to transactions between Secured Party and Borrower (including reasonable attorneys fees and expenses), except that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the negligence of willful misconduct of Secured Party.

10.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

10.4 Amendments in Writing, Integration. All amendments to this Agreement must be in writing and signed by Borrower and Secured Party. This Agreement represents the entire agreement about this subject matter, and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement merge into this Agreement and the Transaction Documents.

10.5 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

10.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligations of Borrower in Section 10.2 to indemnify Secured Party will survive until all statutes of limitations for actions that may be brought against Secured Party have run.

10.7 Countersignature. This Agreement shall become effective only when it shall have been executed by Borrower and Secured Party.

10.8 Attorneys' Fees, Costs and Expenses. Upon the occurrence of an Event of Default, the Secured Party will be entitled to recover its reasonable attorneys' fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled whether or not litigation is commenced.

10.9 Secured Party Appointed Attorney-in-Fact and Proxy. The Borrower hereby appoints the Secured Party with full power of substitution, as the Borrower's true lawful attorney-in-fact, and in the name and on behalf of the Borrower and at the Borrower's expense, from time to time in the Secured Party's discretion from and after the occurrence and during the continuance of a Default to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to perfect, protect or enforce any right or security interest hereunder or otherwise accomplish the purposes of this Agreement, including, without limitation, to execute and file along any financing statement and any document or instrumented under any other applicable laws, and to receive, endorse and collect all instruments made payable to the Borrower representing any dividend or other distribution in respect of any of the Collateral and to give full discharge for the same. The Borrower ratifies and approves all such acts of such attorney and proxy. The Secured Party will not be liable for any acts or omissions, nor for any error of judgment or mistake of fact or law, other than its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. This power, being coupled with an interest, is irrevocable until all Liabilities have been paid in full.

10.10 Counsel to the Secured Party. The Secured Party acknowledges that it has relied on its own legal counsel in connection with the transaction contemplated by this Agreement.

ARTICLE XI

AGREEMENTS OF THE SECURED PARTY

11.1 Secured Obligations Pari Passu. Each of the Purchasers hereby acknowledges that the Liens on the Collateral secure on a pari passu basis all of the Obligations, notwithstanding: (a) the invalidity, or any period in time of creation, attachment or perfection, on any Lien on any Collateral; (b) the time or sequence in which any documentation relative or pertaining to this Agreement or the Related Agreements was executed or delivered; (c) the time or sequence in which any Obligations become due (whether at their stated maturity, by acceleration or otherwise) or were or are incurred; or (d) the time or sequence of commencement or completion of any proceeding to enforce or collect the Obligations or the time or sequence in

which any order or judgment in respect thereof is made or entered or any execution is obtained or registered or any other proceeding is commenced or completed.

11.2 Sharing of Payments. Each Purchaser agrees that any payment of any kind (including, without limitation, any payment resulting from a set-off of a deposit account) received by it on account of the Obligations (each such payment, a “*Shared Payment*”) from or on behalf of the Company at any time after the occurrence of an Event of Default is to be distributed among the Purchasers, ratably in accordance with the respective amounts of the Obligations then held by each Purchaser, without discrimination or preference, with any balance remaining after such distribution among the Purchasers to be distributed to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

11.3 Exercise of Rights. Each Purchaser agrees that, so long as an Event of Default shall be continuing, no Purchaser shall, without the written consent of the Requisite Purchasers, exercise any of the rights and remedies of the Secured Party under this Agreement.

ARTICLE XII DEFINITIONS

12.1 Definitions. In this Agreement:

“**Accounts**” are all existing and later arising accounts, contract rights, and other obligations owed Borrower in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing (including, without limitation, all “accounts” as that term is used in the Code).

“**Affiliate**” of a Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

“**Business Day**” is any day that the United States mails are delivered in Centreville, Virginia.

“**Closing Date**” is the date of this Agreement.

“**Code**” is the Virginia Uniform Commercial Code.

“**Collateral**” is the property described on Exhibit A.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but **“Contingent Obligation”** does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

“Equipment” is all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest (including, without limitation, all “equipment” as that term is used in the Code).

“ERISA” is the Employment Retirement Income Security Act of 1974, and its regulations.

“Final Payment” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the Maturity Date.

“GAAP” is United States generally accepted accounting principles.

“General Intangibles” means all **general intangibles** (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations.

“Insolvency Proceeding” are proceedings by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Inventory” is present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or later owned by or in the custody or possession, actual or constructive, of Borrower, including inventory temporarily out of its custody or possession or in transit and including returns on any accounts or other proceeds (including insurance proceeds) from the sale or disposition of any of the foregoing and any documents of title (including, without limitation, all “inventory” as that term is used in the Code).

“Investment” is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“Lien” is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Obligations” are debts, principal, interest, Secured Party Expenses and other amounts Borrower owes Secured Party now or later, including accounts payable hereunder or under the Notes, the Purchase Agreement, or the other Related Documents.

“Other Equipment” is non-transferable software licenses.

“Permitted Indebtedness” is:

- (a) Borrower’s indebtedness to Secured Party under this Agreement or the Notes;
 - (b) Indebtedness existing on the Closing Date;
 - (c) Indebtedness to trade creditors incurred in the ordinary course of business;
- and
- (d) Indebtedness secured by Permitted Liens.

“Permitted Investments” are:

- (a) Investments existing on the Closing Date; and
- (b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any State maturing within 1 year from its acquisition and (ii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor’s or Moody’s.

“Permitted Liens” shall mean liens:

- (a) for taxes, assessments or governmental charges or levies on property of the Company if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings, adequate reserves having been provided for the payment thereof;
- (b) imposed by law, such as carriers, warehousemen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business;

(c) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from its value or impair its use;

(e) purchase money security interests on equipment in an aggregate amount not exceeding \$10,000; and

(f) arising by operation of law in favor of the owner of sublessor of leased premises and confined to the property rented.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company association, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Purchase Agreement" means that certain Note Purchase Agreement among Borrower and Secured Party made of even date herewith.

"Related Agreements" means the Notes and the Note Purchase Agreement.

"Secured Party Expenses" are all audit fees and expenses and reasonable costs and expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing this Agreement, the Purchase Agreement and the Related Agreements (including appeals or Insolvency Proceedings).

"Schedule" is any schedule attached hereto.

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's indebtedness owed to Secured Party and which is reflected in a written agreement in a manner and form acceptable to Secured Party and approved by Secured Party in writing.

BORROWER:

By: _____

Title: _____

SECURED PARTY:

[Name of Purchaser]

By _____

Name:

Its:

Amount of Notes Purchased: \$ _____

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), 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;

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 Borrower'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;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, servicemarks, trade styles, trade names, patents, patent applications, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods or otherwise, the licensing of technology or the rendering of services by Borrower, 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 Borrower;

All documents, cash, deposit accounts, securities, securities entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments, documents and chattel paper now owned or hereafter acquired and Borrower's Books relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

All general intangibles (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

The Board of Directors
CatchFIRE Systems Inc.
5885 Trinity Parkway
Suite 220
Centreville – VA20120
USA

Our Ref: CFSI/ISF/BT
Your Ref:
Date: 19th July 2004

To: The Board of CatchFIRE Systems, Inc

Ref: CatchFIRE Systems, Inc., Security Agreement dated Feb 13th 2004

Dear Sirs,

It is with regret that I have to inform you that acting with the power of Attorney assigned to me by those with the majority share in the above security agreement that You are in Default under the Terms of the above agreement and are required to comply with the following.

Please take this letter as formal notification of the seizure of all assets and Intellectual Property under the terms of the above agreement with CatchFIRE Systems Inc. with immediate effect.

Any collateral, whatsoever the content or condition, should be made available to CatchFIRE Systems International Ltd, without delay.

In the first instance, please liaise with Guy Daley of CatchFIRE Systems International Ltd guy.daley@comcast.net who is responsible for managing this action.

Yours faithfully,



Iain S. Fraser
Chief Operations Officer

CC: Boyes Turner
Guy Daley

CatchFIRE Systems International Ltd.
110 Parkway, Solent Business Park, Fareham, Hampshire PO15 7AB
Tel: +44 (0) 1489 611734 Fax: +44 (0) 1489 611735

Company Reg No: 5040201

PATENT
REEL: 041369 FRAME: 0588

ASSIGNMENT AND QUITCLAIM OF INTERESTS

THIS ASSIGNMENT AND QUITCLAIM OF INTERESTS ("Assignment") is made this 4th day of October, 2004, by Nicholas Gimbrone ("Assignor") for the benefit of NetPrecept Ltd.. ("Assignee").

WHEREAS, Assignor is the holder of a Secured Convertible Promissory Note, dated as of February 13, 2004, in the original principal amount of Eighteen Thousand, Three Hundred and Thirty Three Dollars and Thirty Five Cents (\$18,333.35) (the "Note"), made by CatchFIRE Systems, Inc., a Delaware corporation ("CatchFIRE"); and

WHEREAS, pursuant to that certain Security Agreement, dated as of February 13, 2004, by and among Assignor, CatchFIRE and certain other investors named therein (the "Security Agreement"), CatchFIRE granted a security interest in certain of its assets as security for payment of the Note and other notes payable by CatchFIRE; and

WHEREAS, certain parties to the Security Agreement have previously foreclosed on their security interest in certain assets of CatchFIRE (the "CatchFIRE Assets"); and

WHEREAS, Assignor desires by this Assignment to transfer and assign to Assignee all of the Assignor's rights and interest in and to the CatchFIRE Assets (collectively, the "Assigned Interests"), and Assignee desires by this Assignment to purchase and accept the same.

NOW THEREFORE, FOR AND IN CONSIDERATION of good and valuable consideration of Ten Dollars (\$10) and the consideration identified on Exhibit A hereto (the "Consideration"), the receipt and adequacy of which are acknowledged by Assignor, Assignor and Assignee agree as follows:

Section 1. Assignment.

Assignor assigns to Assignee and Assignee accepts from Assignor all of Assignor's right, title and interest, if any, in and to Assigned Interests. Assignor represents and warrants that it has not previously assigned any interest in the Assigned Interests to any third party. Assignee shall pay Assignor the Consideration upon execution of this Assignment.

Section 2. General.

2.1 Applicable Law. All questions concerning the construction, validity and interpretation of this Assignment and the performance of the obligations

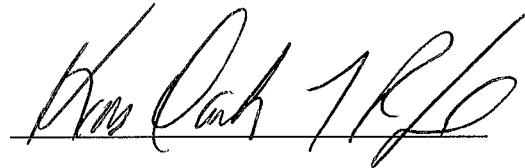
imposed hereby shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Virginia.

2.2 Further Assurances. Assignor agrees that he will cooperate with Assignee and will execute and deliver, or cause to be executed and delivered, all such other instruments, and will take all such other actions, as Assignee may reasonably request from time to time in order to effectuate the provisions hereof.

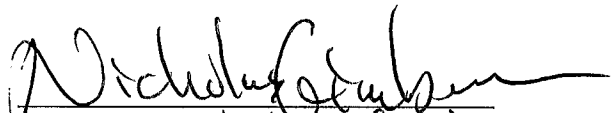
2.3 Binding Agreement; Execution. This Assignment shall be binding upon and shall inure to the benefit of the respective successors and assigns of Assignor and Assignee. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Signatures transmitted by facsimile shall be valid as proof of the execution of this Assignment.

IN WITNESS WHEREOF, Assignor has executed this Assignment the day and year first above written.

WITNESS:



ASSIGNOR:


Name: Nicholas Gimbrove

ASSIGNEE:

_____(name of assignee)

Name: _____
Title: _____

EXHIBIT A
CONSIDERATION

Thirty Thousand (30,000) shares of common stock in Netprecept Ltd.

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**SECURED CONVERTIBLE PROMISSORY NOTE
OF
CatchFIRE Systems, Inc.**

\$[_____]

Made as of February 13, 2004

For value received, CatchFIRE Systems, Inc. a Delaware corporation (the "**Company**"), hereby promises to pay to [_____] ("**Holder**"), or such Holder's registered assigns, the principal sum of [_____] (\$_____) (the "**Principal Amount**"), or such lesser amount as shall then equal the outstanding principal amount hereunder, together with simple interest on the unpaid principal balance at a rate equal to [five percent (5%)] per annum, computed on the basis of the actual number of days elapsed and a year of 365 days from the date of this Note until the principal amount and all interest accrued thereon are paid (or converted, as provided in Section 6 hereof). Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, the Company shall not be obligated to pay, and the Holder shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder shall be computed on the basis of the Highest Lawful Rate. As used herein, "**Highest Lawful Rate**" means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law. The unpaid Principal Amount, together with any then unpaid accrued interest, shall be due and payable on the earlier of (i) August 13, 2004 (the "**Maturity Date**") or (ii) when such amounts are made automatically due and payable upon or after the occurrence of an Event of Default (as defined below) at the principal offices of the Company or by mail to the address of

the registered holder of this Note in lawful money of the United States, unless this Note shall have been previously converted pursuant to Section 6 hereof.

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees:

1. **DEFINITIONS.** The following definitions shall apply for all purposes of this Note:

1.1 “**Company**” means the “**Company**” as defined above and includes any corporation which shall succeed to or assume the obligations of the Company under this Note.

1.2 “**Conversion Price**” means (a) if the Conversion Stock is the type of capital stock of the Company sold in the Next Financing, an amount equal to 85% of the lowest per share selling price of shares of that stock issued in the Next Financing and (b) if the Conversion Stock is Common Stock of the Company “**Common Stock**”, \$0.1128211 per share. The Conversion Price is subject to adjustment as provided herein.

1.3 “**Conversion Stock**” means the Company’s capital stock sold in the Next Financing, but if the Next Financing does not occur by the Maturity Date, then the term “**Conversion Stock**” means the Common Stock of the Company. The number and character of shares of Conversion Stock are subject to adjustment as provided herein and the term “**Conversion Stock**” shall include stock and other securities and property at any time receivable or issuable upon conversion of this Note in accordance with its terms.

1.4 “**Holder**” means any person who shall at the time be the registered holder of this Note.

1.5 “**Next Financing**” means the Company’s next sale to one or more investors, of its capital stock in one transaction or a series of related transactions occurring on or before the Maturity Date for an aggregate purchase price paid to the Company of not less than One Million Dollars (\$1,000,000).

1.6 “**Note**” means this Convertible Promissory Note.

2. **DEFAULT; ACCELERATION OF OBLIGATION.** The Company will be deemed to be in default under this Note, upon the occurrence of any of the following events (each an “**Event of Default**”): (a) upon the Company’s failure to make any payment when due under this Note; (b) upon the filing by or against the Company of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; provided, however, with respect to an involuntary petition in bankruptcy, such petition has not been dismissed within thirty (30) days after the filing of such petition; or (c) upon the execution by the Company of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of the Company’s assets or property.

3. **SECURITY.** Payment of this Note is secured by a security interest in assets and properties of Borrower granted pursuant to the terms and conditions of a Security Agreement

dated of even date herewith among Borrower and Lender, as such may be amended from time to time by the agreement of both parties (the "*Security Agreement*").

4. **REMEDIES ON DEFAULT; ACCELERATION.** Upon any Event of Default, Holder will have the right to pursue its remedies under the Security Agreement and may pursue any legal or equitable remedies that are available to Holder thereunder, and may declare the entire unpaid principal amount of this Note and all unpaid accrued interest under this Note to be immediately due and payable in full, provided, that Holder agrees not to take any action under this Section 4 unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes issued under the Purchase Agreement (as defined below) consent in writing to such action.

5. **NOTE PURCHASE AGREEMENT.** This Note is being issued pursuant to that certain Note Purchase Agreement, dated as of the date hereof (the "*Purchase Agreement*"), by and among the Company and the Investors listed therein, including the Holder, and is subject to its terms. Capitalized terms not defined herein shall have the meanings given them in the Purchase Agreement

6. **CONVERSION.**

6.1 **Conversion in Next Financing.** In the event the Company does not pay the full principal amount of and accrued interest on this Note before the Next Financing, then, at the closing of the Next Financing (or the first closing in a series of closings) (the "*Closing*"), all principal and accrued interest and other sums then accrued thereunder on this Note shall automatically convert into shares of Conversion Stock at the Conversion Price. Each Holder whose Note is so converted will deliver the original Note to the Company and will execute and deliver to the Company at the Closing such stock purchase agreement, investors' rights agreement, co-sale agreement, voting agreement and/or other agreements as are entered into by the investors in the Next Financing generally.

6.2 **Conversion When No Next Financing.** At any time prior to the Next Financing, or after the Maturity Date if there has not been a Next Financing, the Holder has the right, at the Holder's option, prior to the repayment of the outstanding balance under the Note by the Company, to convert such outstanding balance of this Note, in whole or in part, into Conversion Stock at the Conversion Price. Conversion under this Section 6.2 shall occur only upon surrender of this Note for conversion at the principal offices of the Company, accompanied by written notice of election to convert and execution and delivery of such stock purchase agreement and related documents as are generally entered into by investors in the Company.

6.3 **Termination of Rights.** All rights with respect to this Note shall terminate upon the issuance of shares of the Conversion Stock upon conversion of this Note, whether or not this Note has been surrendered and whether or not all stock purchase, investors' rights, co-sale, voting or other agreements have been executed and delivered by the Holder to the Company. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company for cancellation as soon as is possible following conversion of this Note. The Holder shall not be entitled to receive the stock certificate representing the shares of Conversion Stock to be issued

upon conversion of this Note until the original of this Note is surrendered to the Company and the agreements referenced in this Section 6 have been executed and delivered to the Company.

7. **ISSUANCE OF CONVERSION STOCK.** As soon as practicable after conversion of this Note, the Company at its expense will cause to be issued in the name of and delivered to the Holder, a certificate or certificates for the number of shares of Conversion Stock to which the Holder shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of the Company, by the Company's Certificate of Incorporation or Bylaws, or by any agreement between the Company and the Holder), together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made, (a) if made under Section 6.1 above, on the date of the Closing of the Next Financing, and (b) if made under Section 6.2 above, immediately prior to the close of business on the date that this Note shall have been surrendered for conversion, accompanied by written notice of election to convert. No fractional shares will be issued upon conversion of this Note. If upon any conversion of this Note (and all other convertible securities held by the Holder, after aggregating all such conversions), a fraction of a share would otherwise result, then in lieu of such fractional share the Company will pay the cash value of that fractional share, calculated on the basis of the applicable Conversion Price.

8. **ADJUSTMENT PROVISIONS.** The number and character of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities or property at the time receivable or issuable upon conversion of this Note) and the Conversion Price therefor, are subject to adjustment upon occurrence of the following events between the date this Note is issued and the date it is converted:

8.1 **Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc.** If the conversion is made under Section 6.2 above, the Conversion Price of this Note and the number of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities at the time issuable upon conversion of this Note) shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, reclassification, recapitalization or other similar event affecting the number of outstanding shares of Conversion Stock (or such other stock or securities).

8.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable with respect to the capital stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Section 8.1), or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon conversion of this Note at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Conversion Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had converted this Note immediately prior thereto (all subject to further adjustment as provided in this Note).

8.3 Adjustment for Reorganization, Consolidation, Merger. In case of any reorganization of the Company (or of any other corporation the stock or other securities of which are at the time receivable on the conversion of this Note), after the date this Note, or in case, after such date, the Company (or any such corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation and then distribute the proceeds to its shareholders, then, and in each such case, the Holder, upon the conversion of this Note (as provided in Section 6) at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the conversion of this Note prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such reorganization, consolidation, merger or conveyance if the Holder had converted this Note immediately prior thereto, all subject to further adjustment as provided in this Note, and the successor or purchasing corporation in such reorganization, consolidation, merger or conveyance (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of this Note after the consummation of such reorganization, consolidation, merger or conveyance.

8.4 Conversion of Stock. In case all the authorized Conversion Stock of the Company is converted, pursuant to the Company's Certificate of Incorporation, into Common Stock or other securities or property, or the Conversion Stock otherwise ceases to exist, then, in such case, the Holder, upon conversion of this Note at any time after the date on which the Conversion Stock is so converted or ceases to exist (the "***Termination Date***"), shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "***Former Number of Shares of Conversion Stock***"), the stock and other securities and property which the Holder would have been entitled to receive upon the Termination Date if the Holder had converted this Note with respect to the Former Number of Shares of Conversion Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Note).

8.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Conversion Stock or other securities issuable upon conversion of this Note. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

8.6 No Change Necessary. The form of this Note need not be changed because of any adjustment in the Conversion Price or in the number of shares of Conversion Stock issuable upon its conversion.

8.7 Reservation of Stock. If at any time the number of shares of Conversion Stock or other securities issuable upon conversion of this Note shall not be sufficient to effect the conversion of this Note, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

9. **NO RIGHTS OR LIABILITIES AS SHAREHOLDER.** This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. **NO IMPAIRMENT.** The Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, willfully avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder under this Note against wrongful impairment. Without limiting the generality of the foregoing, the Company will take all such action as may be necessary or appropriate in order that the Company may duly and validly issue fully paid and nonassessable shares of Conversion Stock upon the conversion of this Note.

11. **PREPAYMENT.** The Company may at any time, without penalty, upon at least five (5) days' advance written notice to the Holder, prepay in whole or in part the unpaid balance of this Note. All payments will first be applied to the repayment of accrued interest until all then outstanding accrued interest has been paid, and then shall be applied to the repayment of principal.

12. **WAIVERS.** The Company hereby waives notice, presentment, protest and notice of dishonor.

13. **ATTORNEYS' FEES.** In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

14. **TRANSFER.** Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Note may be assigned, conveyed or transferred without the prior written consent of the Company to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Holder; provided, further, that such transferee executes an acknowledgement that such transferee is subject to all the terms and conditions of this Note and satisfies the Company as to compliance with State and federal securities law. The rights and obligations of the Company and the Holder under this Note shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

15. **GOVERNING LAW.** This Note shall be governed by and construed under the internal laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to principles of conflict of laws or choice of laws.

16. **HEADINGS.** The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

17. **NOTICES.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party on Exhibit A to the Purchase Agreement or, in the case of the Company, at 5885 Trinity Parkway, Suite 220, Centreville, VA 20120, or at such other address as any party or the Company may designate by giving ten (10) days' advance written notice to all other parties.

18. **AMENDMENTS AND WAIVERS.** This Note may be amended and provisions may be waived only in accordance with the provisions of Section 6.8 of the Purchase Agreement.

19. **SEVERABILITY.** If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name as of the date first above written.

[COMPANY]

By: _____

Name: _____

Title: _____

AGREED AND ACKNOWLEDGED:

THE HOLDER

Printed Name: _____

SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “*Agreement*”) is dated as of February 13, 2004, among the Persons set forth on the signature pages hereto (each, a “*Purchaser*” and collectively, the “*Secured Party*”) and CatchFIRE Systems, Inc., a Delaware corporation (“*Borrower*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Note Purchase Agreement dated as of the date hereof between the Borrower and the Purchasers (the “*Purchase Agreement*”).

The parties agree as follows:

ARTICLE I

ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement will be construed in accordance with GAAP. The terms “including” and “includes” always mean “including (or includes) without limitation,” in this Agreement. This Agreement shall be construed to impart upon Secured Party a duty to act reasonably at all times.

ARTICLE II

CREATION OF SECURITY INTEREST

2.1 Grant of Security Interest. Borrower grants Secured Party a continuing security interest in, and lien on, all right, title and interest of Borrower presently existing and later acquired in, to and under the Collateral to secure the Obligations and performance of each of Borrower’s duties under this Agreement, the Purchase Agreement and the Related Agreements. Except for Permitted Liens, any security interest will be a first priority security interest in the Collateral. If this Agreement is terminated, Secured Party’s lien and security interest in the Collateral will continue until Borrower fully satisfies the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

3.1 Due Organization and Authorization. Borrower is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified. The execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with Borrower’s formation documents, nor constitute an event of default under any material agreement by which Borrower is bound.

3.2 Collateral. Borrower is the legal and beneficial owner of, and has good title to the Collateral, free of Liens except Permitted Liens.

3.3 No Violation. The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or other government instrumentality, domestic or foreign, applicable to it, or of its certificate of incorporation or by-laws, or of any securities issued by it, or of any mortgage, indenture, lease, deed of trust, loan agreement or other material contract, agreement or instrument or undertaking to which it is a party or which purports to be binding upon it or upon any of its assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrances on any of its assets, except as contemplated by this Agreement.

3.4 Creation of Security Interest. Upon filing any financing statements in the relevant filing offices, the security interest granted pursuant to this Agreement in the Collateral will constitute a valid, first-priority, perfected security interest in and lien on such Collateral, enforceable as such against all creditors of the Debtor and any Persons purporting to purchase any Collateral from the Debtor.

3.5 Chief Executive Office Location. The Company's tangible Collateral and its principal place of business and chief executive office are located in Centreville, Virginia.

ARTICLE IV

AFFIRMATIVE COVENANTS

Borrower will do all of the following:

4.1 Government Compliance. Borrower will maintain its legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to cause a material adverse effect on Borrower's business or operations. Borrower will comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business or operations.

4.2 Taxes. Borrower will make timely payment of all material federal, state, and local taxes or assessments and will deliver to Secured Party, on demand, appropriate certificates attesting to the payment.

4.3 Insurance. Borrower will keep its business and the Collateral insured for risks and in amounts, as Secured Party requests. Insurance policies will be in a form, with companies, and in amounts that are reasonably satisfactory to Secured Party. All property policies will have a lender's loss payable endorsement showing Secured Party as an additional loss payee and all liability policies will show the Secured Party as an additional insured and all policies will provide that the insurer must give Secured Party at least 20 days notice before canceling its policy. At Secured Party's written request, Borrower will deliver certified copies of policies and evidence of all premium payments. So long as no Event of Default has occurred and is

continuing, Borrower shall have the option of applying the proceeds of any casualty policy to the replacement or repair of destroyed or damaged property; provided that, after the occurrence and during the continuance of an Event of Default (after applicable notice and cure periods), all proceeds payable under any such casualty policy shall, at the option of Secured Party, be payable to Secured Party on account of the Obligations.

4.4 Further Assurances. Borrower will execute any further instruments and take further action as Secured Party reasonably requests to perfect or continue Secured Party's security interest in the Collateral or to effect the purposes of this Agreement.

4.5 Maintenance of the Collateral. The Debtor shall at all times from and after the date of this Agreement until the Obligations have been paid in full take all commercially reasonable steps to protect the Collateral and the first-priority, perfected security interest of the Secured Parties in the Collateral.

4.6 Financing Statements. The Borrower will, at the request of the Secured Party, execute any reasonable financing statement submitted to it by such party with respect to its interest in the Collateral.

ARTICLE V

NEGATIVE COVENANTS

Borrower will not do any of the following without Secured Party's prior written consent:

5.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively "*Transfer*") all or any part of its business or property, other than Transfers (i) of Inventory in the ordinary course of business; (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower in the ordinary course of business; or (iii) of worn-out or obsolete Equipment.

5.2 Changes in Business, Ownership, Management or Business Locations. Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto or have a material change in its ownership or management (other than the sale of Borrower's equity securities in a public offering or to venture capital investors). Borrower will not, without at least 30 days prior written notice, relocate its chief executive office or add any new offices or business locations.

5.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person, except where no Event of Default has occurred and is continuing or would result from such action during the term of this Agreement.

5.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness other than Permitted Indebtedness.

5.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted here, subject to Permitted Liens.

ARTICLE VI EVENTS OF DEFAULT

Any one of the following is an Event of Default:

6.1 Payment Default. If any Obligation or any other amount due the Secured Party pursuant to the terms of this Agreement or the Related Agreement is not paid when due.

6.2 Notes. If there is an Event of Default under the Notes.

ARTICLE VII SECURED PARTY'S RIGHTS AND REMEDIES

7.1 Rights and Remedies. When an Event of Default occurs and continues (after applicable notice and cure periods (if any) Secured Party may, subject to Section 7.7, without notice or demand, do any or all of the following to the extent allowed by applicable law:

- (a) Declare all Obligations immediately due and payable;
- (b) Settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Secured Party considers advisable;
- (c) Make any payments and do any acts it considers reasonably necessary or reasonable to protect its security interest in the Collateral.
- (d) Apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Secured Party owing to or for the credit or the account of Borrower; and
- (e) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral.

7.2 Accounts Collection. When an Event of Default occurs and continues after applicable notice and cure periods, Secured Party may notify any Person owing Borrower money of Secured Party's security interest in the funds and verify the amount of the Account. Borrower must collect all payments in trust for Secured Party and, if requested by Secured Party, immediately deliver the payments to Secured Party in the form received from the account debtor, with proper endorsements for deposit.

7.3 Secured Party Expenses. If Borrower fails to pay any amount when due or furnish any required proof of payment to third persons, Secured Party may make all or part of the payment or obtain insurance policies required in Section 4.3, and take any action under the policies Secured Party deems prudent. Any amounts paid by Secured Party are Secured Party Expenses and immediately due and payable, bearing interest at the then applicable rate and secured by the Collateral. No payments by Secured Party are deemed an agreement to make similar payments in the future or Secured Party's waiver of any Event of Default.

7.4 Secured Party's Liability for Collateral. If Secured Party complies with Section 9-207 of the Code, it is not liable for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other person. Borrower bears all risk of loss, damage or destruction of the Collateral.

7.5 Remedies Cumulative. Secured Party's rights and remedies under this Agreement, the Transaction Documents, and all other agreements are cumulative. Secured Party has all rights and remedies provided under the Code, by law, or in equity. Secured Party's exercise of one right or remedy is not an election, and Secured Party's waiver of any Event of Default is not a continuing waiver. Secured Party's delay is not a waiver, election, or acquiescence. No waiver is effective unless in writing and signed by Secured Party and then is only effective for the specific instance and purpose for which it was given.

7.6 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Secured Party on which Borrower is liable.

7.7 Limitation on Remedies. Each Purchaser agrees not to take any action under this ARTICLE VII unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes consent in writing to such action

ARTICLE VIII

NOTICES

All notices or demands by any party about this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to the addresses set forth in the Purchase Agreement. A party may change its notice address by giving the other party written notice.

ARTICLE IX

CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE

WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF BORROWER AND SECURED PARTY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF DELAWARE.

BORROWER AND SECURED PARTY EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THIS AGREEMENT OR THE RELATED AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN OR HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

ARTICLE X

GENERAL PROVISIONS

10.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. No party hereto may assign this Agreement or any rights under it without the other parties' prior written consent.

10.2 Indemnification. Borrower will indemnify, defend and hold harmless Secured Party and its officers, directors, employees, and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Transaction Documents; and (b) all losses or Secured Party Expenses incurred, or paid by Secured Party from, following, or consequential to transactions between Secured Party and Borrower (including reasonable attorneys fees and expenses), except that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the negligence of willful misconduct of Secured Party.

10.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

10.4 Amendments in Writing, Integration. All amendments to this Agreement must be in writing and signed by Borrower and Secured Party. This Agreement represents the entire agreement about this subject matter, and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement merge into this Agreement and the Transaction Documents.

10.5 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

10.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligations of Borrower in Section 10.2 to indemnify Secured Party will survive until all statutes of limitations for actions that may be brought against Secured Party have run.

10.7 Countersignature. This Agreement shall become effective only when it shall have been executed by Borrower and Secured Party.

10.8 Attorneys' Fees, Costs and Expenses. Upon the occurrence of an Event of Default, the Secured Party will be entitled to recover its reasonable attorneys' fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled whether or not litigation is commenced.

10.9 Secured Party Appointed Attorney-in-Fact and Proxy. The Borrower hereby appoints the Secured Party with full power of substitution, as the Borrower's true lawful attorney-in-fact, and in the name and on behalf of the Borrower and at the Borrower's expense, from time to time in the Secured Party's discretion from and after the occurrence and during the continuance of a Default to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to perfect, protect or enforce any right or security interest hereunder or otherwise accomplish the purposes of this Agreement, including, without limitation, to execute and file along any financing statement and any document or instrumented under any other applicable laws, and to receive, endorse and collect all instruments made payable to the Borrower representing any dividend or other distribution in respect of any of the Collateral and to give full discharge for the same. The Borrower ratifies and approves all such acts of such attorney and proxy. The Secured Party will not be liable for any acts or omissions, nor for any error of judgment or mistake of fact or law, other than its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. This power, being coupled with an interest, is irrevocable until all Liabilities have been paid in full.

10.10 Counsel to the Secured Party. The Secured Party acknowledges that it has relied on its own legal counsel in connection with the transaction contemplated by this Agreement.

ARTICLE XI

AGREEMENTS OF THE SECURED PARTY

11.1 Secured Obligations Pari Passu. Each of the Purchasers hereby acknowledges that the Liens on the Collateral secure on a pari passu basis all of the Obligations, notwithstanding: (a) the invalidity, or any period in time of creation, attachment or perfection, on any Lien on any Collateral; (b) the time or sequence in which any documentation relative or pertaining to this Agreement or the Related Agreements was executed or delivered; (c) the time or sequence in which any Obligations become due (whether at their stated maturity, by acceleration or otherwise) or were or are incurred; or (d) the time or sequence of commencement or completion of any proceeding to enforce or collect the Obligations or the time or sequence in

which any order or judgment in respect thereof is made or entered or any execution is obtained or registered or any other proceeding is commenced or completed.

11.2 Sharing of Payments. Each Purchaser agrees that any payment of any kind (including, without limitation, any payment resulting from a set-off of a deposit account) received by it on account of the Obligations (each such payment, a “*Shared Payment*”) from or on behalf of the Company at any time after the occurrence of an Event of Default is to be distributed among the Purchasers, ratably in accordance with the respective amounts of the Obligations then held by each Purchaser, without discrimination or preference, with any balance remaining after such distribution among the Purchasers to be distributed to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

11.3 Exercise of Rights. Each Purchaser agrees that, so long as an Event of Default shall be continuing, no Purchaser shall, without the written consent of the Requisite Purchasers, exercise any of the rights and remedies of the Secured Party under this Agreement.

ARTICLE XII DEFINITIONS

12.1 Definitions. In this Agreement:

“**Accounts**” are all existing and later arising accounts, contract rights, and other obligations owed Borrower in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing (including, without limitation, all “accounts” as that term is used in the Code).

“**Affiliate**” of a Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

“**Business Day**” is any day that the United States mails are delivered in Centreville, Virginia.

“**Closing Date**” is the date of this Agreement.

“**Code**” is the Virginia Uniform Commercial Code.

“**Collateral**” is the property described on Exhibit A.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but **“Contingent Obligation”** does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

“Equipment” is all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest (including, without limitation, all “equipment” as that term is used in the Code).

“ERISA” is the Employment Retirement Income Security Act of 1974, and its regulations.

“Final Payment” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the Maturity Date.

“GAAP” is United States generally accepted accounting principles.

“General Intangibles” means all **general intangibles** (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations.

“Insolvency Proceeding” are proceedings by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Inventory” is present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or later owned by or in the custody or possession, actual or constructive, of Borrower, including inventory temporarily out of its custody or possession or in transit and including returns on any accounts or other proceeds (including insurance proceeds) from the sale or disposition of any of the foregoing and any documents of title (including, without limitation, all “inventory” as that term is used in the Code).

“Investment” is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“Lien” is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Obligations” are debts, principal, interest, Secured Party Expenses and other amounts Borrower owes Secured Party now or later, including accounts payable hereunder or under the Notes, the Purchase Agreement, or the other Related Documents.

“Other Equipment” is non-transferable software licenses.

“Permitted Indebtedness” is:

- Notes;
- (a) Borrower’s indebtedness to Secured Party under this Agreement or the
 - (b) Indebtedness existing on the Closing Date;
 - (c) Indebtedness to trade creditors incurred in the ordinary course of business;
- and
- (d) Indebtedness secured by Permitted Liens.

“Permitted Investments” are:

- (a) Investments existing on the Closing Date; and
- (b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any State maturing within 1 year from its acquisition and (ii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor’s or Moody’s.

“Permitted Liens” shall mean liens:

- (a) for taxes, assessments or governmental charges or levies on property of the Company if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings, adequate reserves having been provided for the payment thereof;
- (b) imposed by law, such as carriers, warehousemen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business;

(c) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from its value or impair its use;

(e) purchase money security interests on equipment in an aggregate amount not exceeding \$10,000; and

(f) arising by operation of law in favor of the owner of sublessor of leased premises and confined to the property rented.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company association, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Purchase Agreement" means that certain Note Purchase Agreement among Borrower and Secured Party made of even date herewith.

"Related Agreements" means the Notes and the Note Purchase Agreement.

"Secured Party Expenses" are all audit fees and expenses and reasonable costs and expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing this Agreement, the Purchase Agreement and the Related Agreements (including appeals or Insolvency Proceedings).

"Schedule" is any schedule attached hereto.

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's indebtedness owed to Secured Party and which is reflected in a written agreement in a manner and form acceptable to Secured Party and approved by Secured Party in writing.

BORROWER:

By: _____

Title: _____

SECURED PARTY:

[Name of Purchaser]

By _____

Name:

Its:

Amount of Notes Purchased: \$ _____

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), 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;

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 Borrower'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;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, servicemarks, trade styles, trade names, patents, patent applications, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods or otherwise, the licensing of technology or the rendering of services by Borrower, 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 Borrower;

All documents, cash, deposit accounts, securities, securities entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments, documents and chattel paper now owned or hereafter acquired and Borrower's Books relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

All general intangibles (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

The Board of Directors
CatchFIRE Systems Inc.
5885 Trinity Parkway
Suite 220
Centreville – VA20120
USA

Our Ref: CFSI/ISF/BT
Your Ref:
Date: 19th July 2004

To: The Board of CatchFIRE Systems, Inc

Ref: CatchFIRE Systems, Inc., Security Agreement dated Feb 13th 2004

Dear Sirs,

It is with regret that I have to inform you that acting with the power of Attorney assigned to me by those with the majority share in the above security agreement that You are in Default under the Terms of the above agreement and are required to comply with the following.

Please take this letter as formal notification of the seizure of all assets and Intellectual Property under the terms of the above agreement with CatchFIRE Systems Inc. with immediate effect.

Any collateral, whatsoever the content or condition, should be made available to CatchFIRE Systems International Ltd, without delay.

In the first instance, please liaise with Guy Daley of CatchFIRE Systems International Ltd guy.daley@comcast.net who is responsible for managing this action.

Yours faithfully,



Iain S. Fraser
Chief Operations Officer

CC: Boyes Turner
Guy Daley

CatchFIRE Systems International Ltd.
110 Parkway, Solent Business Park, Fareham, Hampshire PO15 7AB
Tel: +44 (0) 1489 611734 Fax: +44 (0) 1489 611735

Company Reg No: 5040201

PATENT
REEL: 041369 FRAME: 0614

ASSIGNMENT AND QUITCLAIM OF INTERESTS

THIS ASSIGNMENT AND QUITCLAIM OF INTERESTS ("Assignment") is made this 4th day of October, 2004, by Ross Patterson ("Assignor") for the benefit of NetPrøcept Ltd.. ("Assignee").

WHEREAS, Assignor is the holder of a Secured Convertible Promissory Note, dated as of February 13, 2004, in the original principal amount of Thirty Three Thousand, Five Hundred and Forty One Dollars and Sixty Five Cents (\$33,541.65) (the "Note"), made by CatchFIRE Systems, Inc., a Delaware corporation ("CatchFIRE"); and

WHEREAS, pursuant to that certain Security Agreement, dated as of February 13, 2004, by and among Assignor, CatchFIRE and certain other investors named therein (the "Security Agreement"), CatchFIRE granted a security interest in certain of its assets as security for payment of the Note and other notes payable by CatchFIRE; and

WHEREAS, certain parties to the Security Agreement have previously foreclosed on their security interest in certain assets of CatchFIRE (the "CatchFIRE Assets"); and

WHEREAS, Assignor desires by this Assignment to transfer and assign to Assignee all of the Assignor's rights and interest in and to the CatchFIRE Assets (collectively, the "Assigned Interests"), and Assignee desires by this Assignment to purchase and accept the same.

NOW THEREFORE, FOR AND IN CONSIDERATION of good and valuable consideration of Ten Dollars (\$10) and the consideration identified on Exhibit A hereto (the "Consideration"), the receipt and adequacy of which are acknowledged by Assignor, Assignor and Assignee agree as follows:

Section 1. Assignment.

Assignor assigns to Assignee and Assignee accepts from Assignor all of Assignor's right, title and interest, if any, in and to Assigned Interests. Assignor represents and warrants that it has not previously assigned any interest in the Assigned Interests to any third party. Assignee shall pay Assignor the Consideration upon execution of this Assignment.

Section 2. General.

2.1 Applicable Law. All questions concerning the construction, validity and interpretation of this Assignment and the performance of the obligations

imposed hereby shall be governed by the internal law, not the law of conflicts, of the Commonwealth of Virginia.

2.2 Further Assurances. Assignor agrees that he will cooperate with Assignee and will execute and deliver, or cause to be executed and delivered, all such other instruments, and will take all such other actions, as Assignee may reasonably request from time to time in order to effectuate the provisions hereof.

2.3 Binding Agreement; Execution. This Assignment shall be binding upon and shall inure to the benefit of the respective successors and assigns of Assignor and Assignee. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Signatures transmitted by facsimile shall be valid as proof of the execution of this Assignment.

IN WITNESS WHEREOF, Assignor has executed this Assignment the day and year first above written.

WITNESS:

Ken Oak 1 Rfe

ASSIGNOR:

Ross B. Patterson
Name: ROSS PATTERSON

ASSIGNEE:

_____(name of assignee)

Name: _____
Title: _____

EXHIBIT A

CONSIDERATION

Thirty Thousand (30,000) shares of common stock in Netprecept Ltd.

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

**SECURED CONVERTIBLE PROMISSORY NOTE
OF
CatchFIRE Systems, Inc.**

\$[]

Made as of February 13, 2004

For value received, CatchFIRE Systems, Inc. a Delaware corporation (the "**Company**"), hereby promises to pay to [] ("**Holder**"), or such Holder's registered assigns, the principal sum of [] (\$) (the "**Principal Amount**"), or such lesser amount as shall then equal the outstanding principal amount hereunder, together with simple interest on the unpaid principal balance at a rate equal to [five percent (5%)] per annum, computed on the basis of the actual number of days elapsed and a year of 365 days from the date of this Note until the principal amount and all interest accrued thereon are paid (or converted, as provided in Section 6 hereof). Anything herein to the contrary notwithstanding, if during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, the Company shall not be obligated to pay, and the Holder shall not be entitled to charge, collect, receive, reserve or take, interest in excess of the Highest Lawful Rate, and during any such period the interest payable hereunder shall be computed on the basis of the Highest Lawful Rate. As used herein, "**Highest Lawful Rate**" means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law. The unpaid Principal Amount, together with any then unpaid accrued interest, shall be due and payable on the earlier of (i) August 13, 2004 (the "**Maturity Date**") or (ii) when such amounts are made automatically due and payable upon or after the occurrence of an Event of Default (as defined below) at the principal offices of the Company or by mail to the address of

the registered holder of this Note in lawful money of the United States, unless this Note shall have been previously converted pursuant to Section 6 hereof.

The following is a statement of the rights of Holder and the conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees:

1. **DEFINITIONS.** The following definitions shall apply for all purposes of this Note:

1.1 “*Company*” means the “*Company*” as defined above and includes any corporation which shall succeed to or assume the obligations of the Company under this Note.

1.2 “*Conversion Price*” means (a) if the Conversion Stock is the type of capital stock of the Company sold in the Next Financing, an amount equal to 85% of the lowest per share selling price of shares of that stock issued in the Next Financing and (b) if the Conversion Stock is Common Stock of the Company “*Common Stock*”, \$0.1128211 per share. The Conversion Price is subject to adjustment as provided herein.

1.3 “*Conversion Stock*” means the Company’s capital stock sold in the Next Financing, but if the Next Financing does not occur by the Maturity Date, then the term “*Conversion Stock*” means the Common Stock of the Company. The number and character of shares of Conversion Stock are subject to adjustment as provided herein and the term “*Conversion Stock*” shall include stock and other securities and property at any time receivable or issuable upon conversion of this Note in accordance with its terms.

1.4 “*Holder*” means any person who shall at the time be the registered holder of this Note.

1.5 “*Next Financing*” means the Company’s next sale to one or more investors, of its capital stock in one transaction or a series of related transactions occurring on or before the Maturity Date for an aggregate purchase price paid to the Company of not less than One Million Dollars (\$1,000,000).

1.6 “*Note*” means this Convertible Promissory Note.

2. **DEFAULT; ACCELERATION OF OBLIGATION.** The Company will be deemed to be in default under this Note, upon the occurrence of any of the following events (each an “*Event of Default*”): (a) upon the Company’s failure to make any payment when due under this Note; (b) upon the filing by or against the Company of any voluntary or involuntary petition in bankruptcy or any petition for relief under the federal bankruptcy code or any other state or federal law for the relief of debtors; *provided, however*, with respect to an involuntary petition in bankruptcy, such petition has not been dismissed within thirty (30) days after the filing of such petition; or (c) upon the execution by the Company of an assignment for the benefit of creditors or the appointment of a receiver, custodian, trustee or similar party to take possession of the Company’s assets or property.

3. **SECURITY.** Payment of this Note is secured by a security interest in assets and properties of Borrower granted pursuant to the terms and conditions of a Security Agreement

dated of even date herewith among Borrower and Lender, as such may be amended from time to time by the agreement of both parties (the "*Security Agreement*").

4. **REMEDIES ON DEFAULT; ACCELERATION.** Upon any Event of Default, Holder will have the right to pursue its remedies under the Security Agreement and may pursue any legal or equitable remedies that are available to Holder thereunder, and may declare the entire unpaid principal amount of this Note and all unpaid accrued interest under this Note to be immediately due and payable in full, provided, that Holder agrees not to take any action under this Section 4 unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes issued under the Purchase Agreement (as defined below) consent in writing to such action.

5. **NOTE PURCHASE AGREEMENT.** This Note is being issued pursuant to that certain Note Purchase Agreement, dated as of the date hereof (the "*Purchase Agreement*"), by and among the Company and the Investors listed therein, including the Holder, and is subject to its terms. Capitalized terms not defined herein shall have the meanings given them in the Purchase Agreement

6. **CONVERSION.**

6.1 **Conversion in Next Financing.** In the event the Company does not pay the full principal amount of and accrued interest on this Note before the Next Financing, then, at the closing of the Next Financing (or the first closing in a series of closings) (the "*Closing*"), all principal and accrued interest and other sums then accrued thereunder on this Note shall automatically convert into shares of Conversion Stock at the Conversion Price. Each Holder whose Note is so converted will deliver the original Note to the Company and will execute and deliver to the Company at the Closing such stock purchase agreement, investors' rights agreement, co-sale agreement, voting agreement and/or other agreements as are entered into by the investors in the Next Financing generally.

6.2 **Conversion When No Next Financing.** At any time prior to the Next Financing, or after the Maturity Date if there has not been a Next Financing, the Holder has the right, at the Holder's option, prior to the repayment of the outstanding balance under the Note by the Company, to convert such outstanding balance of this Note, in whole or in part, into Conversion Stock at the Conversion Price. Conversion under this Section 6.2 shall occur only upon surrender of this Note for conversion at the principal offices of the Company, accompanied by written notice of election to convert and execution and delivery of such stock purchase agreement and related documents as are generally entered into by investors in the Company.

6.3 **Termination of Rights.** All rights with respect to this Note shall terminate upon the issuance of shares of the Conversion Stock upon conversion of this Note, whether or not this Note has been surrendered and whether or not all stock purchase, investors' rights, co-sale, voting or other agreements have been executed and delivered by the Holder to the Company. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company for cancellation as soon as is possible following conversion of this Note. The Holder shall not be entitled to receive the stock certificate representing the shares of Conversion Stock to be issued

upon conversion of this Note until the original of this Note is surrendered to the Company and the agreements referenced in this Section 6 have been executed and delivered to the Company.

7. **ISSUANCE OF CONVERSION STOCK.** As soon as practicable after conversion of this Note, the Company at its expense will cause to be issued in the name of and delivered to the Holder, a certificate or certificates for the number of shares of Conversion Stock to which the Holder shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of the Company, by the Company's Certificate of Incorporation or Bylaws, or by any agreement between the Company and the Holder), together with any other securities and property to which the Holder is entitled upon such conversion under the terms of this Note. Such conversion shall be deemed to have been made, (a) if made under Section 6.1 above, on the date of the Closing of the Next Financing, and (b) if made under Section 6.2 above, immediately prior to the close of business on the date that this Note shall have been surrendered for conversion, accompanied by written notice of election to convert. No fractional shares will be issued upon conversion of this Note. If upon any conversion of this Note (and all other convertible securities held by the Holder, after aggregating all such conversions), a fraction of a share would otherwise result, then in lieu of such fractional share the Company will pay the cash value of that fractional share, calculated on the basis of the applicable Conversion Price.

8. **ADJUSTMENT PROVISIONS.** The number and character of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities or property at the time receivable or issuable upon conversion of this Note) and the Conversion Price therefor, are subject to adjustment upon occurrence of the following events between the date this Note is issued and the date it is converted:

8.1 **Adjustment for Stock Splits, Stock Dividends, Recapitalizations, etc.** If the conversion is made under Section 6.2 above, the Conversion Price of this Note and the number of shares of Conversion Stock issuable upon conversion of this Note (or any shares of stock or other securities at the time issuable upon conversion of this Note) shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split, reclassification, recapitalization or other similar event affecting the number of outstanding shares of Conversion Stock (or such other stock or securities).

8.2 **Adjustment for Other Dividends and Distributions.** In case the Company shall make or issue, or shall fix a record date for the determination of eligible holders entitled to receive, a dividend or other distribution payable with respect to the capital stock that is payable in (a) securities of the Company (other than issuances with respect to which adjustment is made under Section 8.1), or (b) assets (other than cash dividends paid or payable solely out of retained earnings), then, and in each such case, the Holder, upon conversion of this Note at any time after the consummation, effective date or record date of such event, shall receive, in addition to the shares of Conversion Stock issuable upon such exercise prior to such date, the securities or such other assets of the Company to which the Holder would have been entitled upon such date if the Holder had converted this Note immediately prior thereto (all subject to further adjustment as provided in this Note).

8.3 Adjustment for Reorganization, Consolidation, Merger. In case of any reorganization of the Company (or of any other corporation the stock or other securities of which are at the time receivable on the conversion of this Note), after the date this Note, or in case, after such date, the Company (or any such corporation) shall consolidate with or merge into another corporation or convey all or substantially all of its assets to another corporation and then distribute the proceeds to its shareholders, then, and in each such case, the Holder, upon the conversion of this Note (as provided in Section 6) at any time after the consummation of such reorganization, consolidation, merger or conveyance, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the conversion of this Note prior to such consummation, the stock or other securities or property to which the Holder would have been entitled upon the consummation of such reorganization, consolidation, merger or conveyance if the Holder had converted this Note immediately prior thereto, all subject to further adjustment as provided in this Note, and the successor or purchasing corporation in such reorganization, consolidation, merger or conveyance (if other than the Company) shall duly execute and deliver to the Holder a supplement hereto acknowledging such corporation's obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of this Note after the consummation of such reorganization, consolidation, merger or conveyance.

8.4 Conversion of Stock. In case all the authorized Conversion Stock of the Company is converted, pursuant to the Company's Certificate of Incorporation, into Common Stock or other securities or property, or the Conversion Stock otherwise ceases to exist, then, in such case, the Holder, upon conversion of this Note at any time after the date on which the Conversion Stock is so converted or ceases to exist (the "***Termination Date***"), shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon such exercise immediately prior to the Termination Date (the "***Former Number of Shares of Conversion Stock***"), the stock and other securities and property which the Holder would have been entitled to receive upon the Termination Date if the Holder had converted this Note with respect to the Former Number of Shares of Conversion Stock immediately prior to the Termination Date (all subject to further adjustment as provided in this Note).

8.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment or readjustment of the Conversion Price or the number of shares of Conversion Stock or other securities issuable upon conversion of this Note. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

8.6 No Change Necessary. The form of this Note need not be changed because of any adjustment in the Conversion Price or in the number of shares of Conversion Stock issuable upon its conversion.

8.7 Reservation of Stock. If at any time the number of shares of Conversion Stock or other securities issuable upon conversion of this Note shall not be sufficient to effect the conversion of this Note, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

9. **NO RIGHTS OR LIABILITIES AS SHAREHOLDER.** This Note does not by itself entitle the Holder to any voting rights or other rights as a shareholder of the Company. In the absence of conversion of this Note, no provisions of this Note, and no enumeration herein of the rights or privileges of the Holder, shall cause the Holder to be a shareholder of the Company for any purpose.

10. **NO IMPAIRMENT.** The Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, willfully avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder under this Note against wrongful impairment. Without limiting the generality of the foregoing, the Company will take all such action as may be necessary or appropriate in order that the Company may duly and validly issue fully paid and nonassessable shares of Conversion Stock upon the conversion of this Note.

11. **PREPAYMENT.** The Company may at any time, without penalty, upon at least five (5) days' advance written notice to the Holder, prepay in whole or in part the unpaid balance of this Note. All payments will first be applied to the repayment of accrued interest until all then outstanding accrued interest has been paid, and then shall be applied to the repayment of principal.

12. **WAIVERS.** The Company hereby waives notice, presentment, protest and notice of dishonor.

13. **ATTORNEYS' FEES.** In the event any party is required to engage the services of any attorneys for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

14. **TRANSFER.** Neither this Note nor any rights hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; provided, however, that this Note may be assigned, conveyed or transferred without the prior written consent of the Company to any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Holder; provided, further, that such transferee executes an acknowledgement that such transferee is subject to all the terms and conditions of this Note and satisfies the Company as to compliance with State and federal securities law. The rights and obligations of the Company and the Holder under this Note shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

15. **GOVERNING LAW.** This Note shall be governed by and construed under the internal laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware, without reference to principles of conflict of laws or choice of laws.

16. **HEADINGS.** The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. All references in this Note to sections and exhibits shall, unless otherwise provided, refer to sections hereof and exhibits attached hereto, all of which exhibits are incorporated herein by this reference.

17. **NOTICES.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries when addressed to the party to be notified at the address indicated for such party on Exhibit A to the Purchase Agreement or, in the case of the Company, at 5885 Trinity Parkway, Suite 220, Centreville, VA 20120, or at such other address as any party or the Company may designate by giving ten (10) days' advance written notice to all other parties.

18. **AMENDMENTS AND WAIVERS.** This Note may be amended and provisions may be waived only in accordance with the provisions of Section 6.8 of the Purchase Agreement.

19. **SEVERABILITY.** If one or more provisions of this Note are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Note and the balance of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Note to be signed in its name as of the date first above written.

[COMPANY]

By: _____

Name: _____

Title: _____

AGREED AND ACKNOWLEDGED:

THE HOLDER

Printed Name: _____

SIGNATURE PAGE TO CONVERTIBLE PROMISSORY NOTE

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “*Agreement*”) is dated as of February 13, 2004, among the Persons set forth on the signature pages hereto (each, a “*Purchaser*” and collectively, the “*Secured Party*”) and CatchFIRE Systems, Inc., a Delaware corporation (“*Borrower*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Note Purchase Agreement dated as of the date hereof between the Borrower and the Purchasers (the “*Purchase Agreement*”).

The parties agree as follows:

ARTICLE I

ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement will be construed in accordance with GAAP. The terms “including” and “includes” always mean “including (or includes) without limitation,” in this Agreement. This Agreement shall be construed to impart upon Secured Party a duty to act reasonably at all times.

ARTICLE II

CREATION OF SECURITY INTEREST

2.1 Grant of Security Interest. Borrower grants Secured Party a continuing security interest in, and lien on, all right, title and interest of Borrower presently existing and later acquired in, to and under the Collateral to secure the Obligations and performance of each of Borrower’s duties under this Agreement, the Purchase Agreement and the Related Agreements. Except for Permitted Liens, any security interest will be a first priority security interest in the Collateral. If this Agreement is terminated, Secured Party’s lien and security interest in the Collateral will continue until Borrower fully satisfies the Obligations.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

3.1 Due Organization and Authorization. Borrower is duly existing and in good standing in its state of formation and qualified and licensed to do business in, and in good standing in, any state in which the conduct of its business or its ownership of property requires that it be qualified. The execution, delivery and performance of this Agreement have been duly authorized, and do not conflict with Borrower’s formation documents, nor constitute an event of default under any material agreement by which Borrower is bound.

3.2 Collateral. Borrower is the legal and beneficial owner of, and has good title to the Collateral, free of Liens except Permitted Liens.

3.3 No Violation. The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or other government instrumentality, domestic or foreign, applicable to it, or of its certificate of incorporation or by-laws, or of any securities issued by it, or of any mortgage, indenture, lease, deed of trust, loan agreement or other material contract, agreement or instrument or undertaking to which it is a party or which purports to be binding upon it or upon any of its assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrances on any of its assets, except as contemplated by this Agreement.

3.4 Creation of Security Interest. Upon filing any financing statements in the relevant filing offices, the security interest granted pursuant to this Agreement in the Collateral will constitute a valid, first-priority, perfected security interest in and lien on such Collateral, enforceable as such against all creditors of the Debtor and any Persons purporting to purchase any Collateral from the Debtor.

3.5 Chief Executive Office Location. The Company's tangible Collateral and its principal place of business and chief executive office are located in Centreville, Virginia.

ARTICLE IV

AFFIRMATIVE COVENANTS

Borrower will do all of the following:

4.1 Government Compliance. Borrower will maintain its legal existence and good standing in its jurisdiction of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to cause a material adverse effect on Borrower's business or operations. Borrower will comply with all laws, ordinances and regulations to which it is subject, noncompliance with which could have a material adverse effect on Borrower's business or operations.

4.2 Taxes. Borrower will make timely payment of all material federal, state, and local taxes or assessments and will deliver to Secured Party, on demand, appropriate certificates attesting to the payment.

4.3 Insurance. Borrower will keep its business and the Collateral insured for risks and in amounts, as Secured Party requests. Insurance policies will be in a form, with companies, and in amounts that are reasonably satisfactory to Secured Party. All property policies will have a lender's loss payable endorsement showing Secured Party as an additional loss payee and all liability policies will show the Secured Party as an additional insured and all policies will provide that the insurer must give Secured Party at least 20 days notice before canceling its policy. At Secured Party's written request, Borrower will deliver certified copies of policies and evidence of all premium payments. So long as no Event of Default has occurred and is

continuing, Borrower shall have the option of applying the proceeds of any casualty policy to the replacement or repair of destroyed or damaged property; provided that, after the occurrence and during the continuance of an Event of Default (after applicable notice and cure periods), all proceeds payable under any such casualty policy shall, at the option of Secured Party, be payable to Secured Party on account of the Obligations.

4.4 Further Assurances. Borrower will execute any further instruments and take further action as Secured Party reasonably requests to perfect or continue Secured Party's security interest in the Collateral or to effect the purposes of this Agreement.

4.5 Maintenance of the Collateral. The Debtor shall at all times from and after the date of this Agreement until the Obligations have been paid in full take all commercially reasonable steps to protect the Collateral and the first-priority, perfected security interest of the Secured Parties in the Collateral.

4.6 Financing Statements. The Borrower will, at the request of the Secured Party, execute any reasonable financing statement submitted to it by such party with respect to its interest in the Collateral.

ARTICLE V

NEGATIVE COVENANTS

Borrower will not do any of the following without Secured Party's prior written consent:

5.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively "*Transfer*") all or any part of its business or property, other than Transfers (i) of Inventory in the ordinary course of business; (ii) of non-exclusive licenses and similar arrangements for the use of the property of Borrower in the ordinary course of business; or (iii) of worn-out or obsolete Equipment.

5.2 Changes in Business, Ownership, Management or Business Locations. Engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto or have a material change in its ownership or management (other than the sale of Borrower's equity securities in a public offering or to venture capital investors). Borrower will not, without at least 30 days prior written notice, relocate its chief executive office or add any new offices or business locations.

5.3 Mergers or Acquisitions. Merge or consolidate with any other Person, or acquire all or substantially all of the capital stock or property of another Person, except where no Event of Default has occurred and is continuing or would result from such action during the term of this Agreement.

5.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness other than Permitted Indebtedness.

5.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted here, subject to Permitted Liens.

ARTICLE VI EVENTS OF DEFAULT

Any one of the following is an Event of Default:

6.1 Payment Default. If any Obligation or any other amount due the Secured Party pursuant to the terms of this Agreement or the Related Agreement is not paid when due.

6.2 Notes. If there is an Event of Default under the Notes.

ARTICLE VII SECURED PARTY'S RIGHTS AND REMEDIES

7.1 Rights and Remedies. When an Event of Default occurs and continues (after applicable notice and cure periods (if any) Secured Party may, subject to Section 7.7, without notice or demand, do any or all of the following to the extent allowed by applicable law:

- (a) Declare all Obligations immediately due and payable;
- (b) Settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Secured Party considers advisable;
- (c) Make any payments and do any acts it considers reasonably necessary or reasonable to protect its security interest in the Collateral.
- (d) Apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Secured Party owing to or for the credit or the account of Borrower; and
- (e) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral.

7.2 Accounts Collection. When an Event of Default occurs and continues after applicable notice and cure periods, Secured Party may notify any Person owing Borrower money of Secured Party's security interest in the funds and verify the amount of the Account. Borrower must collect all payments in trust for Secured Party and, if requested by Secured Party, immediately deliver the payments to Secured Party in the form received from the account debtor, with proper endorsements for deposit.

7.3 Secured Party Expenses. If Borrower fails to pay any amount when due or furnish any required proof of payment to third persons, Secured Party may make all or part of the payment or obtain insurance policies required in Section 4.3, and take any action under the policies Secured Party deems prudent. Any amounts paid by Secured Party are Secured Party Expenses and immediately due and payable, bearing interest at the then applicable rate and secured by the Collateral. No payments by Secured Party are deemed an agreement to make similar payments in the future or Secured Party's waiver of any Event of Default.

7.4 Secured Party's Liability for Collateral. If Secured Party complies with Section 9-207 of the Code, it is not liable for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other person. Borrower bears all risk of loss, damage or destruction of the Collateral.

7.5 Remedies Cumulative. Secured Party's rights and remedies under this Agreement, the Transaction Documents, and all other agreements are cumulative. Secured Party has all rights and remedies provided under the Code, by law, or in equity. Secured Party's exercise of one right or remedy is not an election, and Secured Party's waiver of any Event of Default is not a continuing waiver. Secured Party's delay is not a waiver, election, or acquiescence. No waiver is effective unless in writing and signed by Secured Party and then is only effective for the specific instance and purpose for which it was given.

7.6 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Secured Party on which Borrower is liable.

7.7 Limitation on Remedies. Each Purchaser agrees not to take any action under this ARTICLE VII unless holders of not less than 66% of the aggregate principal amount then outstanding under the Notes consent in writing to such action

ARTICLE VIII

NOTICES

All notices or demands by any party about this Agreement or any other related agreement must be in writing and be personally delivered or sent by an overnight delivery service, by certified mail, postage prepaid, return receipt requested, or by telefacsimile to the addresses set forth in the Purchase Agreement. A party may change its notice address by giving the other party written notice.

ARTICLE IX

CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE

WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF BORROWER AND SECURED PARTY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF DELAWARE.

BORROWER AND SECURED PARTY EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THIS AGREEMENT OR THE RELATED AGREEMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN OR HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY RECOGNIZES AND AGREES THAT THE FOREGOING WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR IT TO ENTER INTO THIS AGREEMENT. EACH PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

ARTICLE X

GENERAL PROVISIONS

10.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. No party hereto may assign this Agreement or any rights under it without the other parties' prior written consent.

10.2 Indemnification. Borrower will indemnify, defend and hold harmless Secured Party and its officers, directors, employees, and agents against: (a) all obligations, demands, claims, and liabilities asserted by any other party in connection with the transactions contemplated by the Transaction Documents; and (b) all losses or Secured Party Expenses incurred, or paid by Secured Party from, following, or consequential to transactions between Secured Party and Borrower (including reasonable attorneys fees and expenses), except that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the negligence of willful misconduct of Secured Party.

10.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

10.4 Amendments in Writing, Integration. All amendments to this Agreement must be in writing and signed by Borrower and Secured Party. This Agreement represents the entire agreement about this subject matter, and supersedes prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement merge into this Agreement and the Transaction Documents.

10.5 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

10.6 Survival. All covenants, representations and warranties made in this Agreement continue in full force while any Obligations remain outstanding. The obligations of Borrower in Section 10.2 to indemnify Secured Party will survive until all statutes of limitations for actions that may be brought against Secured Party have run.

10.7 Countersignature. This Agreement shall become effective only when it shall have been executed by Borrower and Secured Party.

10.8 Attorneys' Fees, Costs and Expenses. Upon the occurrence of an Event of Default, the Secured Party will be entitled to recover its reasonable attorneys' fees and other reasonable costs and expenses incurred, in addition to any other relief to which it may be entitled whether or not litigation is commenced.

10.9 Secured Party Appointed Attorney-in-Fact and Proxy. The Borrower hereby appoints the Secured Party with full power of substitution, as the Borrower's true lawful attorney-in-fact, and in the name and on behalf of the Borrower and at the Borrower's expense, from time to time in the Secured Party's discretion from and after the occurrence and during the continuance of a Default to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to perfect, protect or enforce any right or security interest hereunder or otherwise accomplish the purposes of this Agreement, including, without limitation, to execute and file along any financing statement and any document or instrumented under any other applicable laws, and to receive, endorse and collect all instruments made payable to the Borrower representing any dividend or other distribution in respect of any of the Collateral and to give full discharge for the same. The Borrower ratifies and approves all such acts of such attorney and proxy. The Secured Party will not be liable for any acts or omissions, nor for any error of judgment or mistake of fact or law, other than its own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. This power, being coupled with an interest, is irrevocable until all Liabilities have been paid in full.

10.10 Counsel to the Secured Party. The Secured Party acknowledges that it has relied on its own legal counsel in connection with the transaction contemplated by this Agreement.

ARTICLE XI

AGREEMENTS OF THE SECURED PARTY

11.1 Secured Obligations Pari Passu. Each of the Purchasers hereby acknowledges that the Liens on the Collateral secure on a pari passu basis all of the Obligations, notwithstanding: (a) the invalidity, or any period in time of creation, attachment or perfection, on any Lien on any Collateral; (b) the time or sequence in which any documentation relative or pertaining to this Agreement or the Related Agreements was executed or delivered; (c) the time or sequence in which any Obligations become due (whether at their stated maturity, by acceleration or otherwise) or were or are incurred; or (d) the time or sequence of commencement or completion of any proceeding to enforce or collect the Obligations or the time or sequence in

which any order or judgment in respect thereof is made or entered or any execution is obtained or registered or any other proceeding is commenced or completed.

11.2 Sharing of Payments. Each Purchaser agrees that any payment of any kind (including, without limitation, any payment resulting from a set-off of a deposit account) received by it on account of the Obligations (each such payment, a “*Shared Payment*”) from or on behalf of the Company at any time after the occurrence of an Event of Default is to be distributed among the Purchasers, ratably in accordance with the respective amounts of the Obligations then held by each Purchaser, without discrimination or preference, with any balance remaining after such distribution among the Purchasers to be distributed to whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

11.3 Exercise of Rights. Each Purchaser agrees that, so long as an Event of Default shall be continuing, no Purchaser shall, without the written consent of the Requisite Purchasers, exercise any of the rights and remedies of the Secured Party under this Agreement.

ARTICLE XII DEFINITIONS

12.1 Definitions. In this Agreement:

“**Accounts**” are all existing and later arising accounts, contract rights, and other obligations owed Borrower in connection with its sale or lease of goods (including licensing software and other technology) or provision of services, all credit insurance, guaranties, other security and all merchandise returned or reclaimed by Borrower and Borrower’s Books relating to any of the foregoing (including, without limitation, all “accounts” as that term is used in the Code).

“**Affiliate**” of a Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person’s senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person’s managers and members.

“**Borrower’s Books**” are all Borrower’s books and records including ledgers, records regarding Borrower’s assets or liabilities, the Collateral, business operations or financial condition and all computer programs or discs or any equipment containing the information.

“**Business Day**” is any day that the United States mails are delivered in Centreville, Virginia.

“**Closing Date**” is the date of this Agreement.

“**Code**” is the Virginia Uniform Commercial Code.

“**Collateral**” is the property described on Exhibit A.

“Contingent Obligation” is, for any Person, any direct or indirect liability, contingent or not, of that Person for (i) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (ii) any obligations for undrawn letters of credit for the account of that Person; and (iii) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but **“Contingent Obligation”** does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under the guarantee or other support arrangement.

“Equipment” is all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest (including, without limitation, all “equipment” as that term is used in the Code).

“ERISA” is the Employment Retirement Income Security Act of 1974, and its regulations.

“Final Payment” is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the Maturity Date.

“GAAP” is United States generally accepted accounting principles.

“General Intangibles” means all **general intangibles** (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

“Indebtedness” is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations and (d) Contingent Obligations.

“Insolvency Proceeding” are proceedings by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Inventory” is present and future inventory in which Borrower has any interest, including merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or later owned by or in the custody or possession, actual or constructive, of Borrower, including inventory temporarily out of its custody or possession or in transit and including returns on any accounts or other proceeds (including insurance proceeds) from the sale or disposition of any of the foregoing and any documents of title (including, without limitation, all “inventory” as that term is used in the Code).

“Investment” is any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

“Lien” is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Obligations” are debts, principal, interest, Secured Party Expenses and other amounts Borrower owes Secured Party now or later, including accounts payable hereunder or under the Notes, the Purchase Agreement, or the other Related Documents.

“Other Equipment” is non-transferable software licenses.

“Permitted Indebtedness” is:

- (a) Borrower’s indebtedness to Secured Party under this Agreement or the Notes;
 - (b) Indebtedness existing on the Closing Date;
 - (c) Indebtedness to trade creditors incurred in the ordinary course of business;
- and
- (d) Indebtedness secured by Permitted Liens.

“Permitted Investments” are:

- (a) Investments existing on the Closing Date; and
- (b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any State maturing within 1 year from its acquisition and (ii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor’s or Moody’s.

“Permitted Liens” shall mean liens:

- (a) for taxes, assessments or governmental charges or levies on property of the Company if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings, adequate reserves having been provided for the payment thereof;
- (b) imposed by law, such as carriers, warehousemen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business;

(c) arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property which do not materially detract from its value or impair its use;

(e) purchase money security interests on equipment in an aggregate amount not exceeding \$10,000; and

(f) arising by operation of law in favor of the owner of sublessor of leased premises and confined to the property rented.

"Person" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company association, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"Purchase Agreement" means that certain Note Purchase Agreement among Borrower and Secured Party made of even date herewith.

"Related Agreements" means the Notes and the Note Purchase Agreement.

"Secured Party Expenses" are all audit fees and expenses and reasonable costs and expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing this Agreement, the Purchase Agreement and the Related Agreements (including appeals or Insolvency Proceedings).

"Schedule" is any schedule attached hereto.

"Subordinated Debt" is debt incurred by Borrower subordinated to Borrower's indebtedness owed to Secured Party and which is reflected in a written agreement in a manner and form acceptable to Secured Party and approved by Secured Party in writing.

BORROWER:

By: _____

Title: _____

SECURED PARTY:

[Name of Purchaser]

By _____

Name:

Its:

Amount of Notes Purchased: \$ _____

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following:

All goods and equipment now owned or hereafter acquired, including, without limitation, all machinery, fixtures, vehicles (including motor vehicles and trailers), 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;

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 Borrower'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;

All contract rights and general intangibles now owned or hereafter acquired, including, without limitation, goodwill, trademarks, servicemarks, trade styles, trade names, patents, patent applications, leases, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer discs, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind;

All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Borrower arising out of the sale or lease of goods or otherwise, the licensing of technology or the rendering of services by Borrower, 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 Borrower;

All documents, cash, deposit accounts, securities, securities entitlements, securities accounts, investment property, financial assets, letters of credit, certificates of deposit, instruments, documents and chattel paper now owned or hereafter acquired and Borrower's Books relating to the foregoing;

All copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, now owned or hereafter acquired; all trade secret rights, including all rights to unpatented inventions, know-how, operating manuals, license rights and agreements and confidential information, now owned or hereafter acquired; all mask work or similar rights available for the protection of semiconductor chips, now owned or hereafter acquired; all claims for damages by way of any past, present and future infringement of any of the foregoing; and

All Borrower's Books relating to the foregoing and any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof.

All general intangibles (as defined in the UCC) now owned or hereafter acquired by the Borrower, including, without limitation, all rights, title and interest of the Borrower in and to: (a) all agreements, leases (including purchase options with respects thereto), licenses and contracts to which the Borrower is or may become a party; (b) all obligations or indebtedness owing to the Borrower (other than Accounts) from whatever source arising; (c) all tax refunds and rights to receive tax refunds; (d) all rights to refunds to indemnification (including, without limitation, all amounts refunded or paid to the Borrower as a result of such amounts being deemed voidable transfers in any insolvency or bankruptcy proceeding), contribution and subrogation; and (e) all causes of action, choices in action and judgments.

The Board of Directors
CatchFIRE Systems Inc.
5885 Trinity Parkway
Suite 220
Centreville – VA20120
USA

Our Ref: CFSI/ISF/BT
Your Ref:
Date: 19th July 2004

To: The Board of CatchFIRE Systems, Inc

Ref: CatchFIRE Systems, Inc., Security Agreement dated Feb 13th 2004

Dear Sirs,

It is with regret that I have to inform you that acting with the power of Attorney assigned to me by those with the majority share in the above security agreement that You are in Default under the Terms of the above agreement and are required to comply with the following.

Please take this letter as formal notification of the seizure of all assets and Intellectual Property under the terms of the above agreement with CatchFIRE Systems Inc. with immediate effect.

Any collateral, whatsoever the content or condition, should be made available to CatchFIRE Systems International Ltd, without delay.

In the first instance, please liaise with Guy Daley of CatchFIRE Systems International Ltd guy.daley@comcast.net who is responsible for managing this action.

Yours faithfully,



Iain S. Fraser
Chief Operations Officer

CC: Boyes Turner
Guy Daley

CatchFIRE Systems International Ltd.
110 Parkway, Solent Business Park, Fareham, Hampshire PO15 7AB
Tel: +44 (0) 1489 611734 Fax: +44 (0) 1489 611735

Company Reg No: 5040201

RECORDED: 01/13/2017

PATENT
REEL: 041369 FRAME: 0640