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08-27-1999



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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Bridgeway Corporation

- Individual(s)
- General Partnership
- Corporation-State (Washington)
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Sevin Rosen V Affiliates Fund L.P.

Internal Address: _____

Street Address: 13455 Noel Road, Ste. 1670

City: Dallas State: TX ZIP: 75240

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: August 10, 1999

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

A. Trademark Application No.(s)

75277249

B. Trademark Registration No.(s)

2059147
2063038
2101245

Additional numbers attached? Yes No

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

Name: Renee Tierney, Esq.

Internal Address: _____

Giancarlo & Gnazzo, P.C.

Street Address: 625 Market Street

11th Floor

City: San Francisco State: CA ZIP: 94105

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41).....\$ 115

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

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FC 482 75.00 OF

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Renee Tierney
Name of Person Signing

Renee Tierney
Signature

August 18, 1999

Date

Total number of pages including cover sheet, attachments, and document:

21

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

Continuation of Item 2

Additional receiving party:

Sevin Rosen Fund V L.P.
13455 Noel Road, Suite 1670
Dallas, TX 75240

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of July 21, 1999, is made between Bridgeway Corporation, a Washington corporation (the "Borrower"), Sevin Rosen V Affiliates Fund L.P., a limited partnership ("Rosen Affiliates") and Sevin Rosen Fund V L.P., a limited partnership ("Rosen Fund" and, together with Rosen Affiliates and their successors and assigns, the "Secured Party").

RECITALS

A. The Borrower has executed (i) in favor of Rosen Fund a convertible promissory note, dated March 30, 1999, in the original principal amount of \$143,850 and (ii) in favor of Rosen Affiliates a convertible promissory note, dated March 30, 1999, in the original principal amount of \$6,150.00 (as amended, modified, renewed or extended from time to time, the "Notes").

B. For purposes of securing the Borrower's performance under the Notes, the Borrower has granted to the Secured Party a continuous security interest in all assets of the Borrower.

Accordingly, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Accounts" means any and all accounts of the Borrower, whether now existing or hereafter acquired or arising, and in any event includes all accounts receivable, contract rights, rights to payment and other obligations of any kind owed to the Borrower arising out of or in connection with the sale or lease of merchandise, goods or commodities or the rendering of services or arising from any other transaction, however evidenced, and whether or not earned by performance, all guaranties, indemnities and security with respect to the foregoing, and all letters of credit relating thereto, in each case whether now existing or hereafter acquired or arising.

"Books" means all books, records and other written, electronic or other documentation in whatever form maintained now or hereafter by or for the Borrower in connection with the ownership of its assets or the conduct of its business or evidencing or containing information relating to the Collateral, including: (i) ledgers; (ii) records indicating, summarizing, or evidencing the Borrower's assets (including Inventory and Rights to Payment), business operations or financial condition; (iii) computer programs and software; (iv) computer discs, tapes, files, manuals, spreadsheets; (v) computer printouts and output of whatever kind; (vi) any other computer prepared or electronically stored, collected or reported information and equipment of any kind; and (vii) any and all other rights now or hereafter arising out of any contract or agreement between the Borrower and any service bureau, computer or data processing company or other Person charged with preparing or maintaining any of the Borrower's books or records or with credit reporting, including with regard to the Borrower's Accounts.

"Chattel Paper" means all writings of whatever sort which evidence a monetary obligation and a security interest in or lease of specific goods, whether now existing or hereafter arising.

"Collateral" has the meaning set forth in Section 2.

"Deposit Account" means any demand, time, savings, passbook or like account now or hereafter maintained by or for the benefit of the Borrower with a bank, savings and loan association, credit union or like organization and all funds and amounts therein, whether or not restricted or designated for a particular purpose.

"Documents" means any and all documents of title, bills of lading, dock warrants, dock receipts, warehouse receipts and other documents of the Borrower, whether or not negotiable, and includes all other documents which purport to be issued by a bailee or agent and purport to cover goods in any bailee's or agent's possession which are either identified or are fungible portions of an identified mass, including such documents of title made available to the Borrower for the purpose of ultimate sale or exchange of goods or for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with goods in a manner preliminary to their sale or exchange, in each case whether now existing or hereafter acquired or arising.

"Equipment" means all now existing or hereafter acquired equipment of the Borrower in all of its forms, wherever located, and in any event includes any and all machinery, furniture, equipment, furnishings and fixtures in which the Borrower now or hereafter acquires any right, and all other goods and tangible personal property (other than Inventory), including tools, parts and supplies, automobiles, trucks, tractors and other vehicles, computer and other electronic data processing equipment and other office equipment, computer programs and related data processing software, and all additions, substitutions, replacements, parts, accessories, and accessions to and for the foregoing, now owned or hereafter acquired, and including any of the foregoing which are or are to become fixtures on real property.

"Financing Statements" has the meaning set forth in Section 3.

"General Intangibles" means all general intangibles of the Borrower, now existing or hereafter acquired or arising, and in any event includes: (i) all tax and other refunds, rebates or credits of every kind and nature to which the Borrower is now or hereafter may become entitled; (ii) all good will, choses in action and causes of action, whether legal or equitable, whether in contract or tort and however arising; (iii) all Intellectual Property Collateral; (iv) all uncertificated securities and interests in limited and general partnerships; (v) all rights of stoppage in transit, replevin and reclamation; (vi) all licenses, permits, consents, indulgences and rights of whatever kind issued in favor of or otherwise recognized as belonging to the Borrower by any Governmental Authority; and (vii) all indemnity agreements, guaranties, insurance policies and other contractual, equitable and legal rights of whatever kind or nature; in each case whether now existing or hereafter acquired or arising.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Instruments" means any and all negotiable instruments, certificated securities and every other writing which evidences a right to the payment of money, in each case whether now existing or hereafter acquired.

"Intellectual Property Collateral" means the following properties and assets owned or held by the Borrower or in which the Borrower otherwise has any interest, now existing or hereafter acquired or arising:

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents, patent applications and patent licenses as described in Schedule 1), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all copyrights and applications for copyright, domestic or foreign, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and all other rights and works of authorship, all rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright;

(iii) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such marks, names, applications and licenses as described in Schedule 2), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;

(iv) all trade secrets, confidential information, customer lists, license rights, advertising materials, operating manuals, methods, processes, know-how, sales literature, drawings, specifications, blue prints, descriptions, inventions, name plates and catalogs; and

(v) the entire goodwill of or associated with the businesses now or hereafter conducted by the Borrower connected with and symbolized by any of the aforementioned properties and assets.

"Inventory" means any and all of the Borrower's inventory in all of its forms, wherever located, whether now owned or hereafter acquired, and in any event includes all goods (including goods in transit) which are held for sale, lease or other disposition, including those held for display or demonstration or out on lease or consignment or to be furnished under a contract of service, or which are raw materials, work in process, finished goods or materials used or consumed in the Borrower's business, and the resulting product or mass, and all repossessed, returned, rejected, reclaimed and replevied goods, together with all parts, components, supplies, packing and other materials used or usable in connection with the manufacture, production, packing, shipping, advertising, selling or furnishing of such goods; and all other items hereafter acquired by the Borrower by way of substitution, replacement, return, repossession or otherwise, and all additions and accessions thereto, and any Document representing or relating to any of the foregoing at any time.

"Investment Property" has the meaning set forth in the UCC.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Collateral or other assets of the Borrower, including "proceeds" as defined at UCC Section 9306, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of the Borrower from time to time with respect to any of the Collateral, any and all payments (in any form whatsoever) made or due and payable to the

Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or for or on account of any damage or injury to or conversion of any Collateral by any Person, any and all other tangible or intangible property received upon the sale or disposition of Collateral, and all proceeds of proceeds.

"Rights to Payment" means all Accounts, and any and all rights and claims to the payment or receipt of money or other forms of consideration of any kind in, to and under all Chattel Paper, Documents, General Intangibles, Instruments, and Proceeds.

"Secured Obligations" means the indebtedness, liabilities and other obligations of the Borrower to the Secured Party under or in connection with the Notes including all interest accrued thereon, all fees due under the Notes and all other amounts payable by the Borrower to the Secured Party thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

SECTION 2 Security Interest.

(a) Grant of Security Interest. As security for the payment and performance of the Secured Obligations, the Borrower hereby pledges, assigns, transfers, hypothecates and sets over to the Secured Party, and hereby grants to the Secured Party a security interest in, all of the Borrower's right, title and interest in, to and under the following property, wherever located and whether now existing or owned or hereafter acquired or arising (collectively, the "Collateral"): (i) all Accounts; (ii) all Chattel Paper; (iii) all Deposit Accounts; (iv) all Documents; (v) all Equipment; (vi) all General Intangibles; (vii) all Instruments; (viii) all Inventory; (ix) all Books; (x) all Investment Property; and (xi) all products and Proceeds of any and all of the foregoing.

(b) Borrower Remains Liable. Anything herein to the contrary notwithstanding, (i) the Borrower shall remain liable under any contracts, agreements and other documents included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Secured Party of any of the rights hereunder shall not release the Borrower from any of its duties or obligations under such contracts, agreements and other documents included in the Collateral and (iii) the Secured Party shall not have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder.

(c) Continuing Security Interest. The Borrower agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 20.

SECTION 3 Perfection Procedures.

(a) Financing Statements, Etc. The Borrower shall execute and deliver to the Secured Party concurrently with the execution of this Agreement, and at any time and from time to time thereafter, all financing statements, continuation financing statements, termination statements, security agreements, chattel mortgages, assignments, patent, copyright and trademark collateral assignments, fixture filings, warehouse receipts, documents of title, affidavits, reports, notices, schedules of account, letters of authority and all other documents and instruments, in form satisfactory to the Secured Party (the "Financing Statements"), and take all other action, as the Secured Party may request, to perfect and continue perfected, maintain the priority of or provide notice of the Secured Party's security interest in the Collateral and to accomplish the purposes of this Agreement.

(b) Certain Agents. Any third person at any time and from time to time holding all or any portion of the Collateral shall be deemed to, and shall, hold the Collateral as the agent of, and as pledge holder for, the Secured Party. At any time and from time to time, the Secured Party may give notice to any third person holding all or any portion of the Collateral that such third person is holding the Collateral as the agent of, and as pledge holder for, the Secured Party.

SECTION 4 Representations and Warranties. The Borrower hereby represents and warrants to the Secured Party that:

(a) Location of Chief Executive Office and Collateral. The Borrower's chief executive office and principal place of business is located at the address set forth in Schedule 3, and all other locations where the Borrower conducts business or Collateral is kept are set forth in Schedule 3.

(b) Locations of Books. All locations where Books pertaining to the Rights to Payment are kept, including all equipment necessary for accessing such Books and the names and addresses of all service bureaus, computer or data processing companies and other Persons keeping any Books or collecting Rights to Payment for the Borrower, are set forth in Schedule 3.

(c) Trade Names and Trade Styles. All trade names and trade styles under which the Borrower presently conducts its business operations are set forth in Schedule 3, and, except as set forth in Schedule 3, the Borrower has not, at any time during the preceding five years: (i) been known as or used any other corporate, trade or fictitious name; (ii) changed its name; (iii) been the surviving or resulting corporation in a merger or consolidation; or (iv) acquired through asset purchase or otherwise any business of any Person.

(d) Ownership of Collateral. The Borrower is, and, except as permitted by Section 5(i), will continue to be, the sole and complete owner of the Collateral (or, in the case of after-acquired Collateral, at the time the Borrower acquires rights in such Collateral, will be the sole and complete owner thereof), free from any Lien other than Permitted Liens.

(e) Enforceability; Priority of Security Interest. (i) This Agreement creates a security interest which is enforceable against the Collateral in which the Borrower now has rights and will create a security interest which is enforceable against the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights; and (ii) the Secured Party has a perfected security interest in the

Collateral, in which the Borrower now has rights, and will have a perfected security interest in the Collateral in which the Borrower hereafter acquires rights at the time the Borrower acquires any such rights, in each case securing the payment and performance of the Secured Obligations.

(f) Other Financing Statements. Other than (i) Financing Statements disclosed to the Secured Party and (ii) Financing Statements in favor of the Secured Party, no effective Financing Statement naming the Borrower as debtor, assignor, grantor, mortgagor, pledgor or the like and covering all or any part of the Collateral is on file in any filing or recording office in any jurisdiction.

(g) Rights to Payment.

(i) The Rights to Payment represent valid, binding and enforceable obligations of the account debtors or other Persons Obligated thereon, representing undisputed, bona fide transactions completed in accordance with the terms and provisions contained in any documents related thereto, and are and will be genuine, free from Liens, and not subject to any adverse claims, counterclaims, setoffs, defaults, disputes, defenses, discounts, retainages, holdbacks or conditions precedent of any kind of character, except to the extent reflected by the Borrower's reserves for uncollectible Rights to Payment or to the extent, if any, that such account debtors or other Persons may be entitled to normal and ordinary course trade discounts, returns, adjustments and allowances in accordance with Section 5(m), or as otherwise disclosed to the Secured Party in writing;

(ii) to the best of the Borrower's knowledge and belief, all account debtors and other obligors on the Rights to Payment are solvent and generally paying their debts as they come due;

(iii) all Rights to Payment comply with all applicable laws concerning form, content and manner of preparation and execution, including where applicable any federal or state consumer credit laws;

(iv) the Borrower has not assigned any of its rights under the Rights to Payment except as provided in this Agreement or as set forth in the other Loan Documents;

(v) all statements made, all unpaid balances and all other information in the Books and other documentation relating to the Rights to Payment are true and correct and in all respects what they purport to be; and

(vi) the Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Rights to Payment.

(h) Inventory. No Inventory is stored with any bailee, warehouseman or similar Person or on any Premises leased to the Borrower, nor has any Inventory been consigned to the Borrower or consigned by the Borrower to any Person or is held by the Borrower for any Person under any "bill and hold" or other arrangement, except as set forth in Schedule 3.

(i) Intellectual Property.

(i) Except as set forth in Schedules 1 and 2, the Borrower (directly or through any Subsidiary) does not own, possess or use under any licensing arrangement any patents, copyrights, trademarks, service marks or trade names, nor is there currently pending before any Governmental Authority any application for registration of any patent, copyright, trademark, service mark or trade name;

(ii) all patents, copyrights, trademarks, service marks and trade names are subsisting and have not been adjudged invalid or unenforceable in whole or in part;

(iii) all maintenance fees required to be paid on account of any patents have been timely paid for maintaining such patents in force, and, to the best of the Borrower's knowledge, each of the patents is valid and enforceable and the Borrower has notified the Secured Party in writing of all prior art (including public uses and sales) of which it is aware;

(iv) to the best of the Borrower's knowledge after due inquiry, no material infringement or unauthorized use presently is being made of any Intellectual Property Collateral by any Person;

(v) the Borrower is the sole and exclusive owner of the Intellectual Property Collateral and the past, present and contemplated future use of such Intellectual Property Collateral by the Borrower has not, does not and will not infringe or violate any right, privilege or license agreement of or with any other Person; and

(vi) the Borrower owns, has material rights under, is a party to, or an assignee of a party to all material licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade names and all other Intellectual Property Collateral necessary to continue to conduct its business as heretofore conducted.

(j) Equipment.

(i) None of the Equipment or other Collateral is affixed to real property, except Collateral with respect to which the Borrower has supplied the Secured Party with all information and documentation necessary to make all fixture filings required to perfect and protect the priority of the Secured Party's security interest in all such Collateral which may be fixtures as against all Persons having an interest in the Premises to which such property may be affixed; and

(ii) none of the Equipment is leased from or to any Person, except as set forth at Schedule 3 or as otherwise disclosed to the Secured Party.

SECTION 5 Covenants. So long as any of the Secured Obligations remain unsatisfied or the Borrower shall have any obligation under the Notes, whether or not contingent or unliquidated, the Borrower agrees that:

(a) Defense of Collateral. The Borrower will appear in and defend any action, suit or proceeding which may affect to a material extent its title to, or right or interest in, or the Secured Party's right or interest in, the Collateral.

(b) Preservation of Collateral. The Borrower will do and perform all reasonable acts that may be necessary and appropriate to maintain, preserve and protect the Collateral.

(c) Compliance with Laws, Etc. The Borrower will comply with all laws, regulations and ordinances, and all policies of insurance, relating in a material way to the possession, operation, maintenance and control of the Collateral.

(d) Location of Books and Chief Executive Office. The Borrower will: (i) keep all Books pertaining to the Rights to Payment at the locations set forth in Schedule 3; and (ii) give at least 30 days' prior written notice to the Secured Party of (A) any changes in any such location where Books pertaining to the Rights to Payment are kept, including any change of name or address of any service bureau, computer or data processing company or other Person preparing or maintaining any Books or collecting Rights to Payment for the Borrower or (B) any changes in the location of the Borrower's chief executive office or principal place of business.

(e) Location of Collateral. The Borrower will: (i) keep the Collateral at the locations set forth in Schedule 3 and not remove the Collateral from such locations (other than disposals of Collateral permitted by subsection (i)) except upon at least 30 days' prior written notice of any removal to the Secured Party; and (ii) give the Secured Party at least 30 days' prior written notice of any change in the locations set forth in Schedule 3.

(f) Change in Name, Identity or Structure. The Borrower will give at least 30 days' prior written notice to the Secured Party of (i) any change in name, (ii) any changes in, additions to or other modifications of its trade names and trade styles set forth in Schedule 3, and (iii) any changes in its identity or structure in any manner which might make any Financing Statement filed hereunder incorrect or misleading.

(g) Maintenance of Records. The Borrower will keep separate, accurate and complete Books with respect to the Collateral, disclosing the Secured Party's security interest hereunder.

(h) Invoicing of Sales. The Borrower will invoice all of its sales upon forms customary in the industry and to maintain proof of delivery and customer acceptance of goods.

(i) Disposition of Collateral. The Borrower will not surrender or lose possession of (other than to the Secured Party), sell, lease, rent, or otherwise dispose of or transfer any of the Collateral or any right or interest therein.

(j) Liens. The Borrower will keep the Collateral free of all liens except the lien granted in favor of Silicon Valley Bank, pursuant to that certain Intellectual Property Security Agreement, made as of April 21, 1999.

(k) Expenses. The Borrower will pay all expenses of protecting, storing, warehousing, insuring, handling and shipping the Collateral.

(l) Leased Premises. At the Secured Party's request, the Borrower will obtain from each Person from whom the Borrower leases any Premises at which any Collateral is at any time present such subordination, waiver, consent and estoppel agreements as the Secured Party may require, in form and substance satisfactory to the Secured Party.

(m) Rights to Payment. The Borrower will:

(i) with such frequency as the Secured Party may require, furnish to the Secured Party (A) master customer listings, including all names and addresses, together with copies or originals (as requested by the Secured Party) of documents, customer statements, repayment histories and present status reports relating to the Accounts; (B) accurate records and summaries of Accounts, including detailed agings specifying the name, face value and date of each invoice, and listings of Accounts that are disputed or have

been cancelled; and (C) such other matters and information relating to the Accounts as the Secured Party shall reasonably request;

(ii) give only normal discounts, allowances and credits as to Accounts and other Rights to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and enforce all Accounts and other Rights to Payment strictly in accordance with their terms, and take all such action to such end as may from time to time be reasonably requested by the Secured Party, except that the Borrower may grant any extension of the time for payment or enter into any agreement to make a rebate or otherwise to reduce the amount owing on or with respect to, or compromise or settle for less than the full amount thereof, any Account or other Right to Payment, in the ordinary course of business, according to normal trade practices utilized by the Borrower in the past, and where the amount involved does not exceed \$5,000 or where the Account or Right to Payment does not exceed \$5,000 or would not be materially impaired;

(iii) if any discount, allowance, credit, extension of time for payment, agreement to make a rebate or otherwise to reduce the amount owing on, or compromise or settle, an Account or other Right to Payment exists or occurs, or if, to the knowledge of the Borrower, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to an Account or other Right to Payment, disclose such fact fully to the Secured Party in the Books relating to such Account or other Right to Payment and in connection with any invoice or report furnished by the Borrower to the Secured Party relating to such Account or other Right to Payment;

(iv) if any Accounts arise from contracts with the United States or any department, agency or instrumentality thereof, immediately notify the Secured Party thereof and execute any documents and instruments and take any other steps requested by the Secured Party in order that all monies due and to become due thereunder shall be assigned to the Secured Party and notice thereof given to the Federal authorities under the Federal Assignment of Claims Act;

(v) in accordance with its sound business judgment perform and comply in all material respects with its obligations in respect of the Accounts and other Rights to Payment;

(vi) upon the request of the Secured Party (A) at any time, notify all or any designated portion of the account debtors and other obligors on the Rights to Payment of the security interest hereunder, and (B) upon the occurrence of an Event of Default, notify the account debtors and other obligors on the Rights to Payment or any designated portion thereof that payment shall be made directly to the Secured Party or to such other Person or location as the Secured Party shall specify; and

(vii) upon the occurrence of any Event of Default, establish such lockbox or similar arrangements for the payment of the Accounts and other Rights to Payment as the Secured Party shall require.

(n) Documents, Etc. Upon the request of the Secured Party, the Borrower will (i) immediately deliver to the Secured Party, or an agent designated by it, appropriately endorsed or accompanied by appropriate instruments of transfer or assignment, all Documents, Instruments and Chattel Paper, and all other Rights to Payment at any time evidenced by promissory notes, trade acceptances or other instruments, and (ii) mark all Documents and Chattel Paper with such legends as the Secured Party shall specify.

(o) **Inventory.** The Borrower will:

(i) at such times as the Secured Party shall request, prepare and deliver to the Secured Party a report of all Inventory, in form and substance satisfactory to the Secured Party;

(ii) upon the request of the Secured Party, take a physical listing of the Inventory and promptly deliver a copy of such physical listing to the Secured Party; and

(iii) not store any Inventory with a bailee, warehouseman or similar Person or on premises leased to the Borrower, nor dispose of any Inventory on a bill-and-hold, guaranteed sale, sale and return, sale on approval, consignment or similar basis, nor acquire any Inventory from any Person on any such basis.

(p) **Equipment.** The Borrower will, upon the Secured Party's request, deliver to the Secured Party a report of each item of Equipment, in form and substance satisfactory to the Secured Party.

(q) **Intellectual Property Collateral.** The Borrower will:

(i) not enter into any agreement (including any license or royalty agreement) pertaining to any Intellectual Property Collateral without in each case the prior consent of the Secured Party;

(ii) not allow or suffer any Intellectual Property Collateral to become abandoned, nor any registration thereof to be terminated, forfeited, expired or dedicated to the public;

(iii) promptly give the Secured Party notice of any rights the Borrower may obtain to any new patentable inventions, copyrightable works or other new Intellectual Property Collateral, prior to the filing of any application for registration thereof; and

(iv) diligently prosecute all applications for patents, copyrights and trademarks, and file and prosecute any and all continuations, continuations-in-part, applications for reissue, applications for certificate of correction and like matters as shall be reasonable and appropriate in accordance with prudent business practice, and promptly and timely pay any and all maintenance, license, registration and other fees, taxes and expenses incurred in connection with any Intellectual Property Collateral.

(r) **Notices, Reports and Information.** The Borrower will (i) notify the Secured Party of any material claim made or asserted against the Collateral by any Person and of any change in the composition of the Collateral or other event which could materially adversely affect the value of the Collateral or the Secured Party's Lien thereon; (ii) furnish to the Secured Party such statements and schedules further identifying and describing the Collateral and such other reports and other information in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail; and (iii) upon request of the Secured Party make such demands and requests for information and reports as the Borrower is entitled to make in respect of the Collateral.

SECTION 6 Collection of Rights to Payment. Until the Secured Party exercises its rights hereunder to collect Rights to Payment, the Borrower shall endeavor in the first instance diligently to collect all amounts due or to become due on or with respect to the Rights to Payment. At the request of the Secured Party, upon and after the occurrence of any Event of Default, all remittances received by the Borrower shall be held in trust for the Secured Party and, in accordance with the Secured Party's instructions, remitted to

the Secured Party or deposited to an account with the Secured Party in the form received (with any necessary endorsements or instruments of assignment or transfer).

SECTION 7 Authorization; Secured Party Appointed Attorney-in-Fact. The Secured Party shall have the right to, in the name of the Borrower, or in the name of the Secured Party or otherwise, without notice to or assent by the Borrower, and the Borrower hereby constitutes and appoints the Secured Party (and any of the Secured Party's officers, employees or agents designated by the Secured Party) as the Borrower's true and lawful attorney-in-fact, with full power and authority to:

(a) sign any of the Financing Statements which must be executed or filed to perfect or continue perfected, maintain the priority of or provide notice of the Secured Party's security interest in the Collateral;

(b) take possession of and endorse any notes, acceptances, checks, drafts, money orders or other forms of payment or security and collect any Proceeds of any Collateral;

(c) sign and endorse any invoice or bill of lading relating to any of the Collateral, warehouse or storage receipts, drafts against customers or other obligors, assignments, notices of assignment, verifications and notices to customers or other obligors;

(d) notify the Postal Service authorities to change the address for delivery of mail addressed to the Borrower to such address as the Secured Party may designate and, without limiting the generality of the foregoing, establish with any Person lockbox or similar arrangements for the payment of the Rights to Payment;

(e) receive, open and dispose of all mail addressed to the Borrower;

(f) send requests for verification of Rights to Payment to the customers or other obligors of the Borrower;

(g) contact, or direct the Borrower to contact, all account debtors and other obligors on the Rights to Payment and instruct such account debtors and other obligors to make all payments directly to the Secured Party;

(h) assert, adjust, sue for, compromise or release any claims under any policies of insurance;

(i) exercise dominion and control over, and refuse to permit further withdrawals from, Deposit Accounts maintained with any bank, financial institution or other Person;

(j) notify each Person maintaining lockbox or similar arrangements for the payment of the Rights to Payment to remit all amounts representing collections on the Rights to Payment directly to the Bank;

(k) ask, demand, collect, receive and give acquittances and receipts for any and all Rights to Payment, enforce payment or any other rights in respect of the Rights to Payment and other Collateral, grant consents, agree to any amendments, modifications or waivers of the agreements and documents governing the Rights to Payment and other Collateral, and otherwise file any claims, take any action or institute, defend, settle or adjust any actions, suits or proceedings with respect to the Collateral, as the Bank may deem necessary or desirable to maintain, preserve and protect the Collateral, to collect the Collateral or to enforce the rights of the Secured Party with respect to the Collateral;

(l) execute any and all applications, documents, papers and instruments necessary for the Secured Party to use the Intellectual Property Collateral and grant or issue any exclusive or non-exclusive license or sublicense with respect to any Intellectual Property Collateral;

(m) execute any and all endorsements, assignments or other documents and instruments necessary to sell, lease, assign, convey or otherwise transfer title in or dispose of the Collateral; and

(n) execute any and all such other documents and instruments, and do any and all acts and things for and on behalf of the Borrower, which the Secured Party may deem necessary or advisable to maintain, protect, realize upon and preserve the Collateral and the Secured Party's security interest therein and to accomplish the purposes of this Agreement.

The foregoing power of attorney is coupled with an interest and irrevocable so long as the Secured Obligations have not been paid and performed in full. The Borrower hereby ratifies, to the extent permitted by law, all that the Secured Party shall lawfully and in good faith do or cause to be done by virtue of and in compliance with this Section 7.

SECTION 8 Secured Party Performance of Borrower Obligations. The Secured Party may perform or pay any obligation which the Borrower has agreed to perform or pay under or in connection with this Agreement, and the Borrower shall reimburse the Secured Party on demand for any amounts paid by the Secured Party pursuant to this Section 8.

SECTION 9 Secured Party's Duties. Notwithstanding any provision contained in this Agreement, the Secured Party shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Borrower or any other Person for any failure to do so or delay in doing so. Beyond the exercise of reasonable care to assure the safe custody of Collateral in the Secured Party's possession and the accounting for moneys actually received by the Secured Party hereunder, the Secured Party shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 10 Remedies.

(a) Remedies. Upon the occurrence of any Event of Default, the Secured Party shall have, in addition to all other rights and remedies granted to it in this Agreement, all rights and remedies of a secured party under the UCC and other applicable laws. Without limiting the generality of the foregoing, the Borrower agrees that:

(i) The Secured Party may peaceably and without notice enter any Premises of the Borrower, take possession of any the Collateral, remove or dispose of all or part of the Collateral on any Premises or elsewhere. or, in the case of Equipment, render it nonfunctional, and otherwise collect, receive, appropriate and realize upon all or any part of the Collateral, and demand, give receipt for, settle, renew, extend, exchange, compromise, adjust, or sue for all or any part of the Collateral, as the Secured Party may determine.

(ii) The Secured Party may require the Borrower to assemble all or any part of the Collateral and make it available to the Secured Party at any place and time designated by the Secured Party.

(iii) The Secured Party may use or transfer any of the Borrower's rights and interests in any Intellectual Property Collateral, by license, by sublicense (to the extent permitted by an applicable license) or otherwise, on such conditions and in such manner as the Secured Party may determine.

(iv) The Secured Party may secure the appointment of a receiver of the Collateral or any part thereof (to the extent and in the manner provided by applicable law).

(v) The Secured Party may withdraw (or cause to be withdrawn) any and all funds from Deposit Accounts.

(vi) The Secured Party may sell, resell, lease, use, assign, transfer or otherwise dispose of any or all of the Collateral in its then condition or following any commercially reasonable preparation or processing (utilizing in connection therewith any of the Borrower's assets, without charge or liability to the Secured Party therefor) at public or private sale, by one or more contracts, in one or more parcels, at the same or different times, for cash or credit, or for future delivery without assumption of any credit risk, all as the Secured Party deems advisable; provided, however, that the Borrower shall be credited with the net proceeds of sale only when such proceeds are finally collected by the Secured Party. The Secured Party shall have the right upon any such public sale, and, to the extent permitted by law, upon any such private sale, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption, which right or equity of redemption the Borrower hereby releases, to the extent permitted by law. The Borrower hereby agrees that the sending of notice by ordinary mail, postage prepaid, to the address of the Borrower set forth below, of the place and time of any public sale or of the time after which any private sale or other intended disposition is to be made, shall be deemed reasonable notice thereof if such notice is sent ten days prior to the date of such sale or other disposition or the date on or after which such sale or other disposition may occur, provided that the Secured Party may provide the Borrower shorter notice or no notice, to the extent permitted by the UCC or other applicable law.

(b) License. For the purpose of enabling the Secured Party to exercise its rights and remedies under this Section 10 or otherwise in connection with this Agreement, the Borrower hereby grants to the Secured Party an irrevocable, non-exclusive and assignable license (exercisable without payment or royalty or other compensation to the Borrower) to use, license or sublicense any Intellectual Property Collateral.

(c) Proceeds Account. To the extent that any of the Secured Obligations may be contingent, unmatured or unliquidated at such time as there may exist an Event of Default, the Secured Party may, at its election, (i) retain the proceeds of any sale, collection, disposition or other realization upon the Collateral (or any portion thereof) in a special purpose non-interest-bearing restricted deposit account (the "Proceeds Account") created and maintained by the Secured Party for such purpose (which shall constitute a Deposit Account included within the Collateral hereunder) until such time as the Secured Party may elect to apply such proceeds to the Secured Obligations, and the Borrower agrees that such retention of such proceeds by the Secured Party shall not be deemed strict foreclosure with respect thereto; (ii) in any manner elected by the Secured Party, estimate the liquidated amount of any such contingent, unmatured or unliquidated claims and apply the proceeds of the Collateral against such amount; or (iii) otherwise proceed in any manner permitted by applicable law. The Borrower agrees that the Proceeds Account shall be a blocked account and that upon the irrevocable deposit of funds into the Proceeds Account, the Borrower shall not have any right of withdrawal with respect to such funds. Accordingly, the Borrower irrevocably waives until the termination of this Agreement in accordance with Section 22 the right to make any withdrawal from the Proceeds Account and the right to instruct the Secured Party to honor drafts against the Proceeds Account.

(d) Application of Proceeds. Subject to subsection (c), the cash proceeds actually received from the sale or other disposition or collection of Collateral, and any other amounts received in respect of the Collateral the application of which is not otherwise provided for herein, shall be applied in accordance with applicable law. Any surplus thereof which exists after payment and performance in full of the Secured Obligations shall be promptly paid over to the Borrower or otherwise disposed of in accordance with the UCC or other applicable law. The Borrower shall remain liable to the Secured Party for any deficiency which exists after any sale or other disposition or collection of Collateral.

SECTION 11 Certain Waivers. The Borrower waives, to the fullest extent permitted by law, (i) any right of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling of the Collateral or other collateral or security for the Secured Obligations; (ii) any right to require the Secured Party (A) to proceed against any Person, (B) to exhaust any other collateral or security for any of the Secured Obligations, (C) to pursue any remedy in the Secured Party's power, or (D) to make or give any presentments, demands for performance, notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the Collateral; and (iii) all claims, damages, and demands against the Secured Party arising out of the repossession, retention, sale or application of the proceeds of any sale of the Collateral.

SECTION 12 Notices. All notices or other communications shall be in writing and shall be mailed or delivered to the respective addresses set forth below. All such notices and other communications shall be effective upon the earlier of the date of receipt or five Business Days after deposit in the mail, first class, postage prepaid.

SECTION 13 No Waiver; Cumulative Remedies. No failure on the part of the Secured Party to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Secured Party.

SECTION 14 Costs and Expenses; Indemnification; Other Charges.

(a) Costs and Expenses. The Borrower agrees to pay or reimburse on demand to the Secured Party all reasonable costs and expenses of the Secured Party (including attorneys' fees and expenses) in connection with (i) the negotiation, preparation, execution, delivery, administration and enforcement of this Agreement and any amendments, modifications or waivers of the terms hereof, (ii) the preservation, protection and realization upon any of the Collateral, (iii) any and all losses, costs and expenses sustained by the Secured Party as a result of any failure by the Borrower to perform or observe its obligations to the Secured Party. The Secured Party shall have no duty to exercise any of the rights, privileges or powers afforded to it.

(b) Indemnification. The Borrower hereby agrees to indemnify the Secured Party, any Affiliate thereof, and their respective directors, officers, employees, agents, counsel and other advisors (each an "Indemnified Person") against, and hold each of them harmless from, any and all liabilities, obligations, losses, claims, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel to an Indemnified Person (including allocated costs of internal counsel), which may be imposed on, incurred by, or asserted against any Indemnified Person, in any way relating to or arising out of this Agreement or the transactions contemplated hereby or any action taken or omitted to be taken by it hereunder (the "Indemnified

Liabilities"); provided that the Borrower shall not be liable to any Indemnified Person for any portion of such Indemnified Liabilities to the extent they are found by a final decision of a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or willful misconduct. If and to the extent that the foregoing indemnification is for any reason held unenforceable, the Borrower agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

(c) Other Charges. The Borrower agrees to indemnify the Secured Party against and hold it harmless from any and all present and future stamp, transfer, documentary and other such taxes, levies, fees, assessments and other charges made by any jurisdiction by reason of the execution, delivery, performance and enforcement of this Agreement.

(d) Interest. Any amounts payable to the Secured Party under this Section 14 or otherwise under this Agreement if not paid upon demand shall bear interest from the date of such demand until paid in full, at the rate of interest set forth in the Notes.

SECTION 15 Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Secured Party and their respective successors and assigns.

SECTION 16 Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND TO THE EXTENT THE VALIDITY OR PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR THE REMEDIES HEREUNDER, IN RESPECT OF ANY COLLATERAL ARE GOVERNED BY THE LAW OF A JURISDICTION OTHER THAN CALIFORNIA.**

SECTION 17 Entire Agreement; Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by the written agreement of the parties.

SECTION 18 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement, or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 19 Counterparts. This Agreement may be executed in one or more counterparts.

SECTION 20 Termination. Upon satisfaction of the Notes and payment and performance in full of all Secured Obligations, this Agreement shall terminate and the Secured Party shall promptly execute and deliver to the Borrower such documents and instruments reasonably requested by the Borrower as shall be necessary to evidence termination of all security interests given by the Borrower to the Secured Party hereunder: provided, however, that the obligations of the Borrower under Section 14 shall survive such termination.

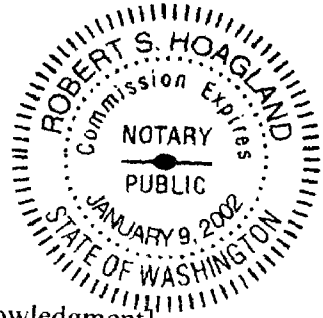
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

BRIDGEWAY CORPORATION
By: [Signature]
Name: D. VIZZAINO
Title: PRESIDENT & CEO

KING COUNTY, STATE OF WASHINGTON

On 8-10-99 before me, the undersigned, a notary public in and for said County and State, personally appeared Domenico Vizzaino proved to me on the basis of satisfactory evidence to be the person(s) whose name is subscribed to this instrument and acknowledged that he/she executed the same.

[Signature] NOTARY PUBLIC



[Attach Notary Acknowledgment]

SCHEDULE 1
to the Security Agreement

Patents, Copyrights, Etc.

Patent Description	Docket No.	Country	Serial No.	Filing Date	Status
Method and system for monitoring and manipulating the flow of private information on public networks	170115.401	USA	09053830	4/1/98	Pending

SCHEDULE 2
to the Security Agreement

Trademarks

Trademark Description	Country	Serial No.	Registration No.	Status
Keystone	USA	75/277,249		pending
Bridgeway	USA	75-093,039	2,059,147	complete
Eventix	USA	75-093,040	2,063,038	complete
MAPSYNC	USA	75/152,590	2,101,245	complete

SCHEDULE 3
to the Security Agreement

1. Locations of Chief Executive Office and Other Locations, Including of Collateral

a. Chief Executive Office and Principal Place of Business:

2340 130th NE, Bellevue, WA 98005

b. Other locations where Borrower conducts business or Collateral is kept:

None

2. Locations of Books Pertaining to Rights to Payment

2340 130th NE, Bellevue, WA 98005

3. Inventory Stored with Warehousemen or on Leased Premises, Etc.

None

4. Leased Equipment

None

5. Trade Names and Trade Styles; Other Corporate, Trade or Fictitious Names, Etc.

None