

03-17-1999

1-31-92

MRO 3-11-99



100986732

To the Honorable Commissioner of Patent:

original documents or copy thereof.

1. Name of conveying party(ies):

WORLDGATE COMMUNICATIONS, INC.
3220 Tillman Drive, Suite 300
Bensalem, Pennsylvania 19020

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

Additional name(s) of conveying party(ies) attached? 1 Yes 2 No

3. Nature of conveyance:

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

Execution Date: March 2, 1999

2. Name and address of receiving party(ies):

Name: Ampal American-Israel Corporation

Internal Address: Attn: Eli Goldberg

Street Address: 1177 Avenue of the Americas

City: New York State: NY ZIP: 10036

- 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: 5 Yes 6 No
(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? 7 Yes 8 No

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

A. Trademark Application No.(s)
75/00

See Attached

B. Trademark Registration No.(s)
2,202,637

See Attached

Additional numbers attached? Yes No

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

N
Return To **89 22 5th**
National Corporate Research, LTD.
225 W. 34th St., Suite 910
S New York, N.Y. 10122
C (800) 221-0102 (212) 947-7200

6. Total number of applications and registrations involved:

9

7. Total fee (37 CFR 3.41): \$40⁰⁰

- 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

03/12/1999 JSHADAZZ 00000190 2202637

01 FC:481

40.00 00

9. Statement and signature.

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.

Randall J. Gort

Name of Person Signing

Signature

March 2, 1999

Date

Total number of pages comprising cover sheet: **35**

2. Name and address of receiving party(ies):

Name: Strong River Investment, Inc.

Internal Address: Attn: Avi Vigder

Street Address: c/o Cavallo Capital Corp.
630 Fifth Avenue, Suite 2000

City: New York State: NY ZIP: 10111

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other a British Virgin Islands corporation _____

If assignee is not domiciled in the United States, a domestic representative designation is attached:
(Designations must be a separate document from Assignment)

12 Yes 13 No

Additional name(s) & address(es) attached?

14 Yes 15 No

INTELLECTUAL PROPERTY SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of March 2, 1999 (this "Agreement"), by WorldGate Communications, Inc., a Delaware corporation and having its principal place of business at 3220 Tillman Drive, Suite 300, Bensalem, PA 19020 (the "Company"), in favor of Strong River Investment, Inc., a British Virgin Islands corporation, and its successors, endorsees, transferees and assigns ("Strong River"), and Ampal American-Israel Corporation, a New York corporation, and its endorsees, transferees, heirs and assigns ("Ampal"). Strong River and Ampal are sometimes collectively referred to in this Agreement as the "Secured Parties."

W I T N E S S E T H:

WHEREAS, Strong River agreed to extend a loan to the Company in the aggregate amount of \$3,000,000 (the "Strong River Loan"), which is evidenced by (i) a Senior Secured Promissory Note of the Company in the principal aggregate amount of \$2,500,000 due December 2, 1999 or such other date pursuant to its terms thereof (as amended, modified, or supplemented from time to time, the "First Strong River Note") and (ii) (i) a Senior Secured Promissory Note of the Company in the principal aggregate amount of \$500,000 due September 2, 1999 or such other date pursuant to its terms thereof (as amended, modified, or supplemented from time to time, the "Second Strong River Note" and together with the First Strong River Note, the "Strong River Notes") and, in connection therewith, the Company issued to Strong River a certain Common Stock purchase warrant of even date herewith to purchase shares of the Company's common stock (the "Strong River Warrant");

WHEREAS, Ampal agreed to extend a loan to the Company in the aggregate amount of \$3,000,000 (the "Ampal Loan"), which is evidenced by (i) a Senior Secured Promissory Note of the Company in the principal aggregate amount of \$2,500,000 due December 2, 1999 or such other date pursuant to its terms thereof (as amended, modified, or supplemented from time to time, the "First Ampal Note") and (ii) (i) a Senior Secured Promissory Note of the Company in the principal aggregate amount of \$500,000 due September 2, 1999 or such other date pursuant to its terms thereof (as amended, modified, or supplemented from time to time, the "Second Ampal Note" and together with the First Ampal Note, the "Ampal Notes") and, in connection therewith, the Company issued to Ampal a certain Common Stock purchase warrant of even date herewith to purchase shares of the Company's common stock (the "Ampal Warrant"); and

WHEREAS, in order to induce the Secured Parties to extend the Strong River Loan and the Ampal Loan, respectively, the Company has agreed to execute and deliver to the Secured Parties this Agreement for the benefit of the Secured Parties and to grant a first priority security interest in certain general intangible property of the Company to secure the prompt payment, performance and discharge in full of all of the Company's payment obligations under the Strong River Notes and the Ampal Notes.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as "general intangibles" and "proceeds") shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "Collateral" means all of the Company's right, title and interest in and to all of Trademarks, Patents, Copyrights, and other general intangible property of the Company, all trade secrets, intellectual property rights in computer software and computer software products, design rights which may be available to the Company, rights to proceeds arising from any and all claims for damages by way of past, present and future infringement of any Collateral with the right but not the obligation to sue on behalf of and collect such damages for said use or infringement, licenses to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights. The term "Collateral" shall include all of the foregoing items, whether presently owned or existing or hereafter acquired or coming into existence, all additions and accessions thereto, all substitutions and replacements thereof, and all proceeds, products and accounts thereof, including without limitation all proceeds from the licensing or sale or other transfer of Collateral and of insurance covering the same and of any tort claims in connection therewith.

(b) "Copyrights" means any and all copyrights, copyright applications, copyright registration and like protections in each work or authorship and derivative work thereof that is created by the Company, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including, without limitation, those set forth on Exhibit A attached hereto.

(c) "Loans" means, collectively, the Strong River Loan and the Ampal Loan.

(d) "Majority-in-Interest" means the Secured Party or Secured Parties (as the case may be) holding in excess of 50% of the aggregate principal amount outstanding under the Notes, determined on a cumulative basis.

(e) "Note(s)" means, collectively, the Strong River Notes and the Ampal Notes.

(f) "Obligations" means all of the Company's obligations under this Agreement, the Notes, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later decreased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time.

(g) "Patents" means all of the Company's patents, patent applications, letters patent and like protections of the United States or any other country, including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, and including, without limitation, those set forth on Exhibit B attached hereto.

(e) "Permitted Liens" means the liens contemplated in Schedule C attached hereto

(h) "Trademarks" means any trademark, service mark right, whether or not registered, applications to register and registrations of the same and like protections, and the entire goodwill of the business of the Company connected with or symbolized by such trademarks, including, without limitation, those set forth on Exhibit C attached hereto.

(i) "UCC" means the Uniform Commercial Code, as currently in effect in the State of Pennsylvania.

(i) "Warrants" means, collectively, the Strong River Warrant and the Ampal Warrant.

2. Grant of Security Interest. As an inducement for the Secured Parties to extend the Loans to the Company and to secure the complete and timely payment, performance and discharge in full of all of the Obligations, the Company hereby, unconditionally and irrevocably, pledges, grants and hypothecates to the Secured Parties, a continuing security interest in, a first lien upon and a right of set-off against all of the Company's right, title and interest of whatsoever kind and nature in and to the Collateral (the "Security Interest").

3. Representations, Warranties, Covenants and Agreements of the Company. The Company represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) The Company has the requisite corporate power and authority to enter into this Agreement and otherwise to carry out its obligations thereunder. The execution, delivery and performance by the Company of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company.

(b) The Company is the sole owner of the Collateral (except for non-exclusive licenses granted by the Company in the ordinary course of business), free and clear of any liens, security interests, encumbrances, rights or claims, and is fully authorized to grant the Security Interest in and to pledge the Collateral. There is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that have been filed in favor of the Secured Parties pursuant to this Agreement) covering or affecting any of the Collateral. So long as this Agreement shall be in effect and, except for the Permitted Liens, the Company shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement).

(c) Exhibit A sets forth a true and complete list of all Copyrights in existence as of the date of this Agreement. Exhibit B sets forth a true and complete list of all Patents that have been filed as of the date of this Agreement. Exhibit C sets forth a true and complete list of all Trademarks filed as of the date of this Agreement. The Company shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties in writing of any change in the composition of the Collateral, including, without limitation, any subsequent ownership rights of the Company in or to any Copyright, Patent or Trademark.

(d) Each of the Patents, Trademarks and Copyrights is valid and enforceable (if not yet registered then only to the extent that such non-registered status affords), and no part of the Collateral has been judged invalid or unenforceable. Except as set forth below, no written claim has been received that any of the Patents, Trademarks or Copyrights or the Company's use of any Collateral violates the rights of any third party. Except as set forth below, there has been no adverse decision to the Company's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to the Company's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of the Company, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority. Schedule A attached hereto contains a description of pending patent litigation to which the Company is a party.

(e) The Company shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and may not relocate such books of account and records unless it delivers to the Secured Parties at least 30 days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements and other necessary documents have been filed and recorded and other steps have been taken to perfect the Security Interest to create in favor of the Secured Parties valid, perfected and continuing first priority liens in the Collateral. The principal place of business of the Company is located at the address set forth in the introduction to this Agreement.

(f) This Agreement creates in favor of the Secured Parties a valid security interest in the Collateral, including the Collateral listed on the Exhibits hereto, securing the payment and performance of the Obligations, and, upon making the filings described in the immediately following sentence, a perfected first priority security interest in such Collateral. Except for (x) the filing of this Agreement with the United States Patent and Trademark Office with respect to the Patents and Trademarks, and (y) the filing of financing statements on Form-1 under the UCC with the jurisdictions indicated on Schedule D attached hereto; no authorization or approval of or filing with or notice to any governmental authority or regulatory body is required either (i) for the grant by the Company of, or the effectiveness of, the Security Interest granted hereby or for the execution, delivery and performance of this Agreement by the Company or (ii) for the perfection of or exercise by the Secured Parties of their rights and remedies hereunder. The Company acknowledges and agrees that a copy of this Agreement (or instruments executed and delivered pursuant hereto) will be filed and recorded with the United States Patent and Trademark Office with respect to the Patents and Trademarks that are now or hereafter in existence.

(g) The execution, delivery and performance of this Agreement does not conflict with or cause a breach or default, or an event that with or without the passage of time or notice, shall constitute a breach or default, under any agreement to which the Company is a party or by the Company is bound. No consent (including, without limitation, from stock holders or creditors of the Company) is required for the Company to enter into and perform its obligations hereunder.

(h) The Company shall at all times maintain the liens and Security Interest provided for hereunder as valid and perfected first priority liens and security interests in the Collateral in favor of the Secured Parties until the Obligations are satisfied in full. The Company hereby agrees to defend the same against any and all persons. The Company shall safeguard and protect all Collateral for the account of the Secured Parties. At the request of the Secured Parties, the Company will sign and deliver to the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC (or any other applicable statute) in form reasonably satisfactory to the Secured Parties and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Secured Parties to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, the Company shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interest hereunder, and the Company shall obtain and furnish to the Secured Parties from time to time, upon demand, such releases and/or subordinations of claims and liens which may be reasonably required to maintain the priority of the Security Interest hereunder.

(i) The Company will not allow any Collateral to be abandoned, forfeited or dedicated to the public without the prior written consent of the Secured Parties. The Company will not transfer, pledge, hypothecate, encumber, license (except for non-exclusive licenses granted by the Company in the ordinary course of business), sell or otherwise dispose of any of the Collateral without the prior written consent of the Secured Parties.

(j) The Company shall permit the Secured Parties and their representatives and agents to inspect the Collateral at any time, and to make copies of records pertaining to the Collateral as may be requested by the Secured Parties from time to time.

(k) On the date of execution of this Agreement, the Company will deliver to the Secured Parties one or more executed UCC financing statements on Form-1 (and any such other forms relating to the perfection of the Security Interest) with respect to the Security Interest for filing in the state and county jurisdictions of the Company's principal place of business and in such other jurisdictions (including, but not limited to, the offices and jurisdictions referenced in Section 3(f) hereof) as may be requested by the Secured Parties.

(l) The Company will take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral.

(m) The Company shall notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by the Company that may materially affect the

value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(n) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of the Company with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(o) Schedule B attached hereto contains a list of all of the Company's subsidiaries. Such subsidiaries do not own any material assets and do not conduct any business.

(p) The Company's Registration Statement on Form S-1 filed on February 9, 1999 (file number 333-71997) as amended or supplemented, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the disclosure and information, in light of the circumstances under which they were made, not misleading other than any information to be supplied by amendment or supplement which, when supplied, shall be true and correct in all material respects and not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such information made therein, in light of the circumstances under which made, not misleading.

4. Defaults. The following events shall be "Events of Default":

(a) The failure by the Company to pay any amounts of principal, interest on premium, if any, when, as, and in the amount due, pursuant to any of the Notes;

(b) Any representation or warranty of the Company in this Agreement or in the Security Agreement, dated the date hereof between the parties hereto shall prove to have been incorrect in any material respect when made;

(c) The failure by the Company to observe or perform any of its obligations hereunder or in the Security Agreement, dated the date hereof between the parties hereto for ten (10) days after receipt by the Company of notice of such failure from a Majority-in-Interest; and

(d) Any breach or default under the Warrants.

5. Duty To Hold In Trust. Upon the occurrence of any Event of Default and at any time thereafter, for so long as such Event of Default is continuing, the Company shall, upon receipt by it of any revenue, income or other sums subject to the Security Interest, whether payable pursuant to the Notes or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall upon written request forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties (on a pro rata basis in accordance with the principal amount then outstanding under such Secured Party's respective Notes, determined on a cumulative basis) for application to the satisfaction of the Obligations.

6. Rights and Remedies Upon Default. Upon occurrence of any Event of Default and at any time thereafter, for so long as such Event of Default is continuing, the Secured Parties shall have the right to exercise all of the remedies conferred hereunder, and Strong River shall have the right to exercise all remedies conferred under the Strong River Notes and Ampal shall have the right to exercise all remedies conferred under the Ampal Notes, and each Secured Party shall have all the rights and remedies of a secured party under the UCC and/or any other applicable law (including the Uniform Commercial Code of any jurisdiction in which any Collateral is then located). Without limitation, the Secured Parties shall have the following rights and powers:

(a) The Secured Parties shall have the right to take possession of all tangible manifestations or embodiments of the Collateral and, for that purpose, enter, with the aid and assistance of any person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and the Company shall assemble the Collateral and make it available to the Secured Parties at places which the Secured Parties shall reasonably select, whether at the Company's premises or elsewhere.

(b) The Secured Parties shall have the right to assign, sell, or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Secured Parties may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to the Company or right of redemption of the Company, which are hereby expressly waived. Upon each such sale, assignment or other transfer of Collateral, the Secured Parties may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of the Company, which are hereby waived and released.

(c) The Secured Parties may license or, to the same extent the Company is permitted by law and contract to do so, sublicense, whether or an exclusive or non-exclusive basis, any of the Collateral throughout the world for such term, on such conditions and in such manner as the Secured Parties shall, in their sole discretion, determine.

(d) The Secured Parties may (without assuming any obligations or liabilities thereunder), at any time, enforce (and shall have the exclusive right to enforce) against licensee or sublicensee all rights and remedies of the Company in, to and under any license agreement with respect to such Collateral, and take or refrain from taking any action thereunder.

(e) The Secured Parties may, in order to implement the assignment, license, sale or other disposition of any of the Collateral pursuant to this Section, pursuant to the authority provided for in Section 11, execute and deliver on behalf of the Company one or more instruments of assignment of the Collateral in form suitable for filing, recording or registration in any jurisdictions as the Secured Parties may determine advisable.

7. Applications of Proceeds; Expenses. (a) The proceeds of any such sale, lease, license or other disposition of the Collateral hereunder shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, reasonable fees and other reasonable costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Secured Parties in enforcing their rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Secured Parties shall promptly pay to the Company any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, each Secured Party will be entitled to their pro rata portion of such proceeds (determined by reference to the aggregate amount of principal and accrued and unpaid interest then due under each of their respective Notes, determined on a cumulative basis), and the Company will be liable for the deficiency, together with interest thereon, at the rate of 11% per annum (the "Default Rate"), and the reasonable fees of any attorneys employed by the Secured Parties to collect such deficiency, provided, that the Default Rate shall not apply with respect to any amounts due under the Notes. To the extent permitted by applicable law, the Company waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due to the gross negligence or willful misconduct of the Secured Parties.

(b) The Company agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including, without limitation, any financing statements, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Secured Parties. The Company shall also pay all other claims and charges which in the reasonable opinion of the Secured Parties might prejudice, imperil or otherwise affect the Collateral or the Security Interest therein. The Company will also, upon demand, pay to the Secured Parties the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Parties may incur in connection with (i) the enforcement of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Parties under the Notes. Until so paid, any fees payable hereunder shall be added to the principal amount of the Obligations and shall bear interest at the Default Rate.

8. Responsibility for Collateral. The Company assumes all liabilities and responsibility in connection with all Collateral, and the obligations of the Company hereunder or under the Notes shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason.

9. Security Interest Absolute. All rights of the Secured Parties and all Obligations of the Company hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of this Agreement, any Note or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Notes or any other agreement entered into in

connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guaranty, or any other security, for all or any of the Obligations; (d) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to the Company, or a discharge of all or any part of the Security Interest granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. The Company expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, the Company's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. The Company waives all right to require any Secured Party to proceed against any other person or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. The Company waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

10. Term of Agreement. This Agreement shall terminate when all payments under the Notes have been made in full and all other Obligations have been paid or discharged. Upon such termination, the Secured Parties, at the request and at the expense of the Company, will join in executing any termination statement with respect to any financing statement executed and filed pursuant to this Agreement.

11. Power of Attorney; Further Assurances. (a) The Company authorizes the Secured Parties, and does hereby make, constitute and appoint them, and their respective officers, agents, successors or assigns with full power of substitution, as the Company's true and lawful attorney-in-fact, with power, in its own name or in the name of the Company, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Parties; (ii) to sign and endorse any UCC financing statement or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; and (v) generally, to do, at the option of the Secured Parties, and at the Company's expense, at any time, or from time to time, all acts and things which the Secured Parties reasonably deem necessary to protect, preserve and realize upon the Collateral and the Security Interest granted therein in order to effect the intent of this Agreement, the Notes all as fully and effectually as the

Company might or could do; and the Company hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

(b) On a continuing basis, the Company will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in any jurisdiction, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office, the Register of Copyrights and the jurisdictions indicated on Schedule D attached hereto, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Secured Parties, to perfect the Security Interest granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Secured Parties the grant or perfection of a security interest in all the Collateral.

(c) The Company hereby irrevocably appoints the Secured Parties as the Company's attorneys-in-fact, with full authority in the place and stead of the Company and in the name of the Company, from time to time in the Secured Parties' discretion, to take any action and to execute any instrument which the Secured Parties may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including:

(i) To modify this Agreement without first obtaining the Company's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C, hereof, as appropriate, to include reference to such right, title or interest in any Copyrights, Patents or Trademarks acquired by the Company after the execution hereof or to delete any reference to any right, title or interest in such Copyrights, Patents or Trademarks in which the Company no longer has or claims any right, title or interest; and

(ii) To file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of the Company where permitted by law.

12. Notices. All notices, requests, demands and other communications hereunder shall be in writing, with copies to all the other parties hereto, and shall be deemed to have been duly given when (i) if delivered by hand, upon receipt, (ii) if sent by facsimile, upon receipt of proof of sending thereof, (iii) if sent by nationally recognized overnight delivery service (receipt requested), the next business day or (iv) if mailed by first-class registered or certified mail, return receipt requested, postage prepaid, four days after posting in the U.S. mails, in each case if delivered to the following addresses (or such other addresses as a party may duly notify the other in accordance with the provisions of this paragraph):

If to the Company: WorldGate Communications, Inc.
3220 Tillman Drive, Suite 300
Bensalem, PA 19020
Facsimile No.: (215) 633-9654
Attn: David A. Dill

With copies to: Randall J. Gort
WorldGate Communications, Inc.
3220 Tillman Drive, Suite 300
Bensalem, PA 19020
Facsimile No.: (215) 633-9590

If to Strong River: Strong River Investment, Inc.
c/o Cavallo Capital Corp.
630 Fifth Avenue, Suite 2000
New York, NY 10111
Facsimile No.: (212) 332-3256
Attn: Avi Vigder

If to Ampal: Ampal American Israel Corporation
1177 Avenue of the Americas
New York, NY 10036
Facsimile No.: 212-782-2114
Attn: Eli Goldberg

With copies to (for
communications
to any Secured Party) Robinson Silverman Pearce Aronsohn &
Berman LLP
1290 Avenue of the Americas
New York, NY 10104
Facsimile No.: (212) 541-4630
Attn: Kenneth L. Henderson, Esq.

13. Other Security. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Secured Parties shall have the right, in their sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

14. Actions by Secured Parties. Any action required or permitted hereunder to be taken by or on behalf of the Secured Parties shall, for such action to be valid, require the approval of the Majority-in-Interest prior to the taking of such action. If the consent, approval or disapproval of the Secured Parties is required or permitted pursuant to this Agreement, such consent, approval or disapproval shall only be valid if given by the Majority-in-Interest.

15. Miscellaneous.

(a) No course of dealing between the Company and the Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties, any right, power or privilege hereunder or under the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Notes or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings and agreements with respect thereto. Except as specifically set forth in this Agreement, no provision of this Agreement may be modified or amended except by a written agreement specifically referring to this Agreement and signed by the parties hereto.

(d) In the event that any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement and without affecting the validity or enforceability of such provision or the other provisions of this Agreement in any other jurisdiction.

(e) No waiver of any breach or default or any right under this Agreement shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default or right, whether of the same or similar nature or otherwise.

(f) This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and assigns.

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) This Agreement shall be construed in accordance with the laws of the State of New York, except to the extent the validity, perfection or enforcement of a security interest hereunder in respect of any particular Collateral which are governed by a jurisdiction other than the State of New York in which case such law shall govern. Each of the parties hereto irrevocably

submit to the exclusive jurisdiction of any New York State or United States Federal court sitting in Manhattan county over any action or proceeding arising out of or relating to this Agreement, and the parties hereto hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The parties hereto further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non convenient.

(i) EACH PARTY HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH PARTY HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH PARTY WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH PARTY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY HAS KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHTS TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. THIS WAIVER IS IRREVOCABLE, MEANING THAT, NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS AND SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF A LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.


(j) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

* * * * *

MAR-08-99 11:36 From:

IN WITNESS WHEREOF, the parties hereto have caused this Intellectual Property Security Agreement to be duly executed on the day and year first above written.

WORLDGATE COMMUNICATIONS, INC.

By: 
Name: Randall Gort
Title: Vice President, Corporate Affairs

STRONG RIVER INVESTMENT, INC.

By: _____
Name:
Title:

AMPAL AMERICAN-ISRAEL CORPORATION

By: _____
Name:
Title:

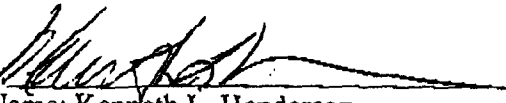
MAR-08-99 11:37 From:

IN WITNESS WHEREOF, the parties hereto have caused this Intellectual Property Security Agreement to be duly executed on the day and year first above written.

WORLDGATE COMMUNICATIONS, INC.

By: _____
Name:
Title:

STRONG RIVER INVESTMENT, INC.

By: 
Name: Kenneth L. Henderson
Title: Attorney-in-fact

AMPAL AMERICAN-ISRAEL CORPORATION

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Intellectual Property Security Agreement to be duly executed on the day and year first above written.

WORLDGATE COMMUNICATIONS, INC.

By: _____
Name:
Title:

STRONG RIVER INVESTMENT, INC.

By: _____
Name:
Title:

AMPAL AMERICAN-ISRAEL CORPORATION

By: Y. Gleitman
Name: Y. Gleitman
Title: CEO

EXHIBIT A

Copyrights

Description

Registration
Number

Registration
Date

Company's operating software for its Internet Access Product. (Copyright notices have been included, but no submissions for registrations have been made.)

EXHIBIT B

Patents

Description	Registration Number	Registration Date
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See attached.

WorldGate Communications Patent Applications as of 2/23/99

U.S. Patent Number	Additional Reference	Patent Name	Date Filed	Docket Number	Country	Date Published
08/630,397	U.S. 96	Access System and Method for Providing Interactive Access to an Information Source Through a Television Distribution System	04/10/96	9575-1		
08/630,397	PCT/US97/05786	Access System and Method for Providing Interactive Access to an Information Source Through a Television Distribution System	04/08/97	9575-1PC		
	PCT/US97/05/786		04/08/97	9575-1CN	Canada SN 2,251,085	
	PCT/US97/05786		04/10/97	9575-1TW	Taiwan	11/1/98
	PCT/US97/05786		08/15/97	9575-1AG	Argentina	10/10/98
	PCT/US97/05786		04/08/97	9575-1BR	Brazil	
	PCT/US97/05786		04/08/97	9575-1ME	Mexico	
	PCT/US97/05786		04/08/97	9575-1NO	Norway	
08/993,904	PCT/US97/05786	Access System and Method for Providing Interactive Access to an Information Source Through a Television Distribution System	04/08/97	9575-1CA	China	
			12/18/97	9575-1U1		
09/093,879		MPEG Encoding Technique for Encoding Web Pages	06/09/98	WGATE3		
08/931,971	PCT/US98/18485	Access System and Method for Providing Interactive Access to an Information Source Through a Networked Distribution System	09/15/98	WGATE1		

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WorldGate Communications Patent Applications as of 2/23/99

U.S. Patent Number	Additional Reference	Patent Name	Data Filed	Docket Number	Country	Date Published
08/934,985	PCT/US98/18492	Access System and Method for Providing Interactive Access to an Information Source Through a Networked Distribution System	09/17/98	WGATE2		

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EXHIBIT C

Trademarks

Description	Registration Number	Registration Date
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See attached.

WorldGate Communications Servicemark Applications as of 2/23/99

Country	Trademark	Date Filed	Application # in Pertinent Country	Date of Publication	Date of Registration	Registration #
United States	WorldGate	12/12/97	75285,916	8/18/98	11/10/98	2,202,637
United States	Channel Hyperlinking			Refused; abandoned		
United States	WorldGate		P97 01 01438			
Argentina	Channel Hyperlinking					
Argentina	Channel Hyperlinking					
Australia	WorldGate	12/16/97	751178	1/7/99		
Australia	Channel Hyperlinking	12/17/97	751176			
Australia	WorldGate		709204	10/5/98		
Benelux Community	WorldGate					
Benelux Community	Channel Hyperlinking	12/12/97	709188	Refused; Abandoned		
Benelux Community	Channel Hyperlinking		12/29/98			
Trademark	WorldGate	12/17/97	820 429 660	8/8/98		
Brazil	Channel Hyperlinking	12/17/97	820 429 651			
Brazil	WorldGate	12/12/97	864,024	12/16/98		
Canada	Channel Hyperlinking	12/12/97	864,025	Refused; Withdrawn as of 2/1/99		
Canada	Channel Hyperlinking					
Chile	WorldGate	03/27/98	409,927	7/2/98		
Chile	Channel Hyperlinking		409,928	7/2/98		
Chile	Channel Hyperlinking					
People's Republic of China	WorldGate	1/15/98	9800004897			
People's Republic of China	Channel Hyperlinking	1/15/98	9800004898	Refused; Withdrawn as of 6/9/98		
China	WorldGate		98700858			
Hong Kong	WorldGate	1/23/98	98700859			
Hong Kong	Channel Hyperlinking	1/23/98	9-185821			
Hong Kong	WorldGate	12/16/97	9-187472			
Japan	Channel Hyperlinking	12/22/97	286743	2/26/98		286743
Japan	WorldGate	12/24/97	286742	9/24/98		286742
New Zealand	Channel Hyperlinking	12/24/97	286742	4/6/98		15254
New Zealand	WorldGate	3/9/98	58210	4/6/98		15255
Peru	Channel Hyperlinking	3/9/98	58209			
Peru	WorldGate	12/19/97	1547197			
Singapore	WorldGate	12/19/97	1547297			
Singapore	Channel Hyperlinking	12/27/97	85 65232	1/16/99		
Taiwan	WorldGate					

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WorldGate Communications Servicemark Applications as of 2/23/99

Country	Trademark	Date Filed	Application # In Pertinent Country	Date of Publication	Date of Registration	Registration #
Taiwan	Channel Hyperlinking	12/27/97	86 65233	Refused; withdrawn as of 12/20/98		
Thailand	WorldGate	1/19/98	352706	Refused; withdrawn as of 1/16/98		
Thailand	Channel Hyperlinking	1/19/98	352707	Refused; withdrawn as of 9/15/98		
Venezuela	WorldGate	1/5/98	40/1998		9/11/98	
Venezuela	Channel Hyperlinking	1/5/98	38/1998		9/11/98	

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SCHEDULE A

Patent Litigation:

On May 11, 1998, Interactive Channel Technologies, Inc., and SMI Holdings, Inc., subsidiaries of Source Media, Inc. ("Source"), filed a complaint against the Company in the United States District Court for the District of Delaware, alleging that the WorldGate Service infringes patents issued to Source. The complaint seeks injunctive relief, as well as monetary damages and attorney fees. In our answer filed on June 22, 1998, we have denied these allegations and further asserted that the patents in suit were invalid. In addition we have filed multiple counterclaims against Source asserting that Source misappropriated our confidential information and trade secrets, and intentionally and tortiously interfered with our existing and prospective business relationships, which counterclaims Source has subsequently moved to dismiss. Discovery and further action with respect to the alleged infringement has been stayed pending oral argument on the merits of our counterclaims, which has not yet been scheduled.

On October 6, 1998, Advanced Interactive, Inc. ("AII") filed a complaint in the United States District Court for the Northern District of Illinois, Eastern Division, against Matsushita Electric Corporation, Matsushita Electric Industrial Co. Ltd., Sharp Electronics Corp., Sharp Corp., Interactive Channel Technologies, Thomson Consumer Electronics, Toshiba Consumer Products, Inc., Toshiba America, Inc., Toshiba Corporation, General Instrument Corporation, Scientific-Atlanta, Inc., ATI Technologies, Inc., ADS Technologies, Inc., Gateway 2000, Inc., STB Systems, Inc., Hauppauge Computer Works, Inc., WebTV Networks, Inc., and us, alleging that each of the above companies infringed a patent issued to AII. The complaint seeks monetary damages and attorney fees. In our answer filed on December 1, 1998, we have denied these allegations and further asserted that the patent in suit was invalid.

SCHEDULE B

Subsidiaries of the Company:

WorldGate Services, Inc.

WorldGate Finance, Inc.

SCHEDULE C

Permitted Liens:

1. To General Instrument Corporation for loan to the Company not to exceed \$2 million which is to be secured by a security interest with respect to Accounts, Inventory, General Intangibles (including patents, trademarks, copyrights, licenses and trade secrets), Chattel Paper, Instruments, Documents and Equipment (whether or not constituting fixtures) now owned or hereafter acquired, together with all cash and non-cash proceeds (including, without limitation, insurance proceeds), products distributions, additions, accessions, substitutions, exchanges and replacements thereof. Such security interest shall not be a Permitted Lien unless such security interest shall be subordinate to all Security Interests granted to the Secured Parties pursuant to a subordination agreement reasonably acceptable to the Secured Parties and General Instrument Corporation.
2. Purchase money security interests in equipment and fixtures acquired by the Company with the proceeds of purchase money financings not to exceed \$3.0 million in the aggregate outstanding at any time.

SCHEDULE D


State	Filing
California	Secretary of State
Colorado	Secretary of State
Georgia	Fulton County
Florida	Secretary of State
	Orange County
North Carolina	Secretary of State
	Durham County
Pennsylvania	Secretary of State
	Bucks County Prothonotary
	Bucks County
	Montgomery County
	Philadelphia County
Washington	Department Of Licensing

POWER OF ATTORNEY
(DESIGNATION OF DOMESTIC REPRESENTATIVE)

KNOW ALL MEN by these presents that Strong River Investment, Inc. ("Principal"), a corporation organized under the laws of the British Virgin Islands, with an address c/o Icaza, Gonzales-Ruiz & Aleman (BVI) Limited, Vanterpool Plaza, Wickhams Cay I, P.O. Box 873, Roadtown, Tortola, British Virgin Islands, does hereby make, constitute and appoint Robinson Silverman Pearce Aronsohn & Berman LLP ("Agent"), with an address at 1290 Avenue of the Americas, New York, NY 10104, attn: Kenneth L. Henderson, its true and lawful attorney-in-fact upon whom all lawful process in any action or proceeding and all notices relating to Principal's interests in the intellectual property described in the Intellectual Property Security Agreement dated as of March 2, 1999 between Principal, Ampal American-Israel Corporation and WorldGate Communications, Inc., and filed with the U.S. Department of Commerce, Patent and Trademark Office, may be served in like manner and with the same effect as if served on said Principal; and the said Principal hereby stipulates and agrees that any lawful process against it or any notice relating to its interests in such intellectual property which is served on Agent, shall have the same force and validity as if served on said Principal.

STRONG RIVER INVESTMENT, INC.

Date: March 2, 1999

By: 
attorney-in-fact

WorldGate Communications Servicemark Applications as of 2/23/99

Country	Trademark	Date Filed	Application # In Pertinent Country	Date of Publication	Date of Registration	Registration #
United States	WorldGate	12/12/97	75/285,916	8/18/98	11/10/98	2,202,637
United States	Channel Hyperlinking			Refused; abandoned		
Argentina	WorldGate		P97 01 01438			
Argentina	Channel Hyperlinking					
Australia	WorldGate	12/16/97	751178	1/7/99		
Australia	Channel Hyperlinking	12/17/97	751176			
Benelux Community	WorldGate		709204	10/5/98		
Trademark						
Benelux Community	Channel Hyperlinking	12/12/97	709188	Refused; Abandoned		
Trademark						
Trademark						
Brazil	WorldGate	12/17/97	820 429 660	8/8/98		
Brazil	Channel Hyperlinking	12/17/97	820 429 651			
Brazil	WorldGate	12/12/97	864,024	12/16/98		
Canada	WorldGate	12/12/97	864,025	Refused; Withdrawn as of 2/1/99		
Canada	Channel Hyperlinking					
Chile	WorldGate	03/27/98	409,927	7/2/98		
Chile	Channel Hyperlinking	03/27/98	409,928	7/2/98		
People's Republic of China	WorldGate	1/15/98	9800004897			
China				Refused; Withdrawn as of		
People's Republic of China	WorldGate	1/15/98	9800004898	6/9/98		
China	Channel Hyperlinking		98/00858			
Hong Kong	WorldGate	1/23/98	98/00859			
Hong Kong	Channel Hyperlinking	1/23/98	98/00859			
Hong Kong	WorldGate	12/16/97	9-185821			
Japan	WorldGate	12/22/97	9-187472			
Japan	Channel Hyperlinking	12/24/97	286743	2/26/98	6/18/98	286743
New Zealand	WorldGate	12/24/97	286742	9/24/98	1/14/99	286742
New Zealand	Channel Hyperlinking	12/24/97	286742	4/6/98	8/13/98	15254
Peru	WorldGate	3/9/98	58210	4/6/98	8/13/98	15255
Peru	Channel Hyperlinking	3/9/98	58209	4/6/98		
Singapore	WorldGate	12/19/97	1547197			
Singapore	Channel Hyperlinking	12/19/97	1547297			
Singapore	WorldGate	12/19/97	86 65232	1/16/99		
Taiwan	WorldGate	12/27/97				

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WorldGate Communications Servicemark Applications as of 2/23/99

Country	Trademark	Date Filed	Application # in Pertinent Country	Date of Publication	Date of Registration	Registration #
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Thailand	WorldGate	1/19/98	352706	11/6/98		
Thailand	Channel Hyperlinking	1/19/98	352707	Refused; withdrawn as of 9/15/98		
Venezuela	WorldGate	1/5/98	40/1998	9/11/98		
Venezuela	Channel Hyperlinking	1/5/98	38/1998	9/11/98		

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