

6-30-99

07-06-1999



101083324

COVER SHEET

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation Association
- Other

Citizenship/State of Incorporation/Organization

07/06/1999 MTHAI1 00000003 2055870

FOR OFFICE USE ONLY

01 FC:481 40.00 DP
02 FC:482 100.00 DP

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

TRADEMARK
REEL: 001923 FRAME: 0502

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Joni Gok

6-25-99

Name of Person Signing

Signature

Date Signed

SCHEDULE 1
TO
TRADEMARK RECORDATION COVER SHEET

REGISTRATION NO.	PENDING APPLICATION NO.	MARK	REGISTRATION DATE	FILING DATE
2,055,870		IMEDIA	04/22/97	
	75/218,854	CHERRYPICKER		12/27/96
	75/539,412	CP CONTROLLER		08/19/98
	75/539,411	STREAMROUTER		08/19/98
	75/539,413	VBR REMUX		08/19/98

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TRADEMARK
REEL: 001923 FRAME: 0504

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of June 14, 1999 ("Security Agreement"), is made by **IMEDIA CORPORATION**, a California corporation ("Grantor"), in favor of **TERAYON COMMUNICATION SYSTEMS, INC.**, a Delaware corporation ("Secured Party").

RECITALS

A. Secured Party has made and has agreed to make certain advances of money and to extend certain financial accommodation to Grantor as evidenced by that certain Promissory Note (the "Note") dated June 14, 1999 executed by Grantor in favor of Secured Party (the "Loan").

B. Secured Party is willing to make the Loan to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to Secured Party this Security Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce Secured Party to make the Loan and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

1. **DEFINED TERMS.** Unless otherwise defined herein the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):

(a) "Collateral" shall have the meaning assigned to such term in Section 2 of this Security Agreement.

(b) "Contracts" means all contracts, undertakings, franchise agreements or other agreements in or under which Grantor may now hold or hereafter acquires any right, title or interest.

(c) "Copyright License" means any agreement, in which Grantor now holds or hereafter acquires any interest, granting any right in or to any copyright or copyright registration (whether Grantor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a copyright owned by a third party.

(d) "Copyrights" means all of the following in which Grantor now holds or hereafter acquires any interest: (i) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (ii) registrations, applications, recordings and proceedings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (iii) any continuations, renewals or extensions thereof; (iv) any registrations to be issued in any

pending applications; (v) prior versions of works covered by copyright and all works based upon, derived from, or incorporating such works; (vi) income, royalties, damages, claims, and payments now and hereafter due and payable with respect to copyrights including, without limitation, damages and payments for past, present, or future infringement; (vii) rights to sue for past, present and future infringements of copyright; and (viii) any other rights corresponding to any of the foregoing rights throughout the world.

(e) "Event of Default" means any failure by Grantor forthwith to pay or perform any of the Secured Obligations.

(f) "License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by Grantor.

(g) "Patent License" means any written agreement, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a patent is in existence (whether Grantor is the licensee or the licensor thereunder).

(h) "Patents" means all of the following in which Grantor now holds or hereafter acquires any interest: (i) letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country and all rights corresponding thereto, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country, (ii) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (iii) all petty patents, divisionals and patents of addition; and (iv) all patents to issue in any such applications.

(i) "Permitted Lien" means an interest in the Collateral securing an obligation of Grantor which is existing on the date of this Security Agreement and listed on the attached Schedule A.

(j) "Secured Obligations" means (i) the obligation of Grantor to repay Secured Party all of the unpaid principal amount of, and accrued interest on the Loan and (ii) the obligation of Grantor to pay any fees, costs and expenses of the Secured Party under the Promissory Note or under Section 6(b) hereof.

(k) "Trademark License" means any written agreement, in which Grantor now holds or hereafter acquires any interest, granting any right in and to any trademark or trademark registration (whether Grantor is the licensee or the licensor thereunder).

(l) "Trademarks" means any of the following now owned or hereafter acquired by Grantor: (i) any trademarks, tradenames, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (the "Marks"), (ii)

any reissues, extensions or renewals thereof, (iii) the goodwill of the business symbolized by or associated with the Marks, (iv) income, royalties, damages and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement, misappropriation, or dilution, and (v) rights to sue for past, present and future infringements of the Marks.

(m) "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 Secured Party's 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 of priority and for purposes of definitions related to such provisions.

In addition, the following terms shall be defined terms having the meaning set forth for such terms in the UCC (definition sections of the UCC are noted parenthetically): "Account Debtor" (9105(1)(a)); "Accounts" (9106); "Chattel Paper" (9105(1)(b)); "Deposit Accounts" (9105(e)); "Documents" (9105(1)(f)); "Equipment" (9109(2)); "Financial Assets" (8102(a)(9)); "Fixtures" (9313(1)(a)); "General Intangibles" (9106); "Goods" (9105(1)(h)); "Instruments" (9105(1)(i)); "Inventory" (9109(4)); "Investment Property" (9115(1)(f)); "Proceeds" (9306(1)). Each of the foregoing defined terms shall include all of such items now owned, or hereafter acquired, by Grantor.

2. **GRANT OF SECURITY INTEREST.** As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce Secured Party to cause the Loan to be made, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to Secured Party, a security interest in all of Grantor's right, title and interest in, to and under the following (all of which being herein collectively called the "Collateral"):

- (a) All Accounts of Grantor;
- (b) All Chattel Paper of Grantor;
- (c) All Contracts of Grantor;
- (d) All Deposit Accounts of Grantor;
- (e) All Documents of Grantor;
- (f) All Equipment of Grantor;
- (g) All Financial Assets of Grantor;
- (h) All Fixtures of Grantor;

3.

(i) All General Intangibles of Grantor including, without limitation, all Copyrights, Patents, Trademarks, Licenses, designs, drawings, technical information, marketing plans, customer lists, trade secrets, proprietary or confidential information, inventions (whether or not patentable), procedures, know-how, models and data;

(j) All Goods of Grantor;

(k) All Instruments of Grantor;

(l) All Inventory of Grantor;

(m) All Investment Property of Grantor;

(n) All Licenses of Grantor;

(o) All property of Grantor held by Secured Party, or any other party for whom Secured Party is acting as agent hereunder, including, without limitation, all property of every description now or hereafter in the possession or custody of or in transit to Secured Party or such other party for any purpose, including, without limitation, safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power;

(p) All other goods and personal property of Grantor whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Grantor and wherever located; and

(q) To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3. RIGHTS OF SECURED PARTY; COLLECTION OF ACCOUNTS.

(a) Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract or License. Secured Party shall not have any obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting to Secured Party of a lien therein or the receipt by Secured Party of any payment relating to any Contract or License pursuant hereto, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Secured Party authorizes Grantor to collect its Accounts, provided that such collection is performed in a prudent and businesslike manner, and Secured Party may, upon

4.

the occurrence and during the continuation of any Event of Default and without notice, limit or terminate said authority at any time. If an Event of Default has occurred and is continuing, at the request of Secured Party, Grantor shall deliver all original and other documents evidencing and relating to, the performance of labor or service which created such Accounts, including, without limitation, all original orders, invoices and shipping receipts.

(c) Secured Party may at any time, upon the occurrence and during the continuation of any Event of Default, after first notifying Grantor of its intention to do so, notify Account Debtors of Grantor, parties to the Contracts of Grantor, obligors in respect of Instruments of Grantor and obligors in respect of Chattel Paper of Grantor that the Accounts and the right, title and interest of Grantor in and under such Contracts, Instruments, and Chattel Paper have been assigned to Secured Party and that payments shall be made directly to Secured Party. Upon the request of Secured Party, Grantor shall so notify such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper. Upon the occurrence and during the continuation of an Event of Default, Secured Party may, in its name, or in the name of others communicate with such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper to verify with such parties, to Secured Party's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper.

4. REPRESENTATIONS AND WARRANTIES. Grantor hereby represents and warrants to Secured Party that:

(a) Except for the security interest granted to Secured Party under this Security Agreement and Permitted Liens, Grantor is the sole legal and equitable owner of each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto free and clear of any and all liens except for Permitted Liens.

(b) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by Grantor in favor of Secured Party pursuant to this Security Agreement except for Permitted Liens.

(c) This Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Accordingly, Secured Party has a fully perfected first priority security interest in all of the Collateral in which Grantor now has rights subject only to Permitted Liens. This Security Agreement will create a legal and valid and fully perfected first priority security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights.

5. COVENANTS. Grantor covenants and agrees with Secured Party that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

(a) **Further Assurances; Pledge of Instruments.** At any time and from time to time, upon the written request of Secured Party, and at the sole expense of Grantor, Grantor

shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Secured Party may reasonably deem desirable to obtain the full benefits of this Security Agreement.

(b) **Maintenance of Records.** Grantor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

6. RIGHTS AND REMEDIES UPON DEFAULT.

(a) Beginning on the date which is ten (10) business days after any Event of Default shall have occurred and while such Event of Default is continuing, Secured Party may exercise in addition to all other rights and remedies granted to it under this Security Agreement, all rights and remedies of a secured party under the UCC.

(b) Grantor also agrees to pay all fees, costs and expenses of Secured Party, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

(c) Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(d) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by Secured Party in the following order of priorities:

FIRST, to Secured Party in an amount sufficient to pay in full the reasonable costs of Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to Secured Party in an amount equal to the then unpaid Secured Obligations; and

FINALLY, upon payment in full of the Secured Obligations, to Grantor or its representatives or as a court of competent jurisdiction may direct.

7. LIMITATION ON SECURED PARTY'S DUTY IN RESPECT OF COLLATERAL. Secured Party shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it takes such action as Grantor requests in writing, but failure of Secured Party to comply with any such request shall not in itself be deemed a failure to act reasonably, and no failure of Secured Party to do any act not so requested shall be deemed a failure to act reasonably.

8. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or

reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

9. MISCELLANEOUS.

(a) No Waiver; Cumulative Remedies.

(i) Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its respective rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

(ii) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(iii) None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and Secured Party.

(b) Termination of this Security Agreement. Subject to Section 8 hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

(c) Successor and Assigns. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of Secured Party hereunder, inure to the benefit of Secured Party, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to Secured Party hereunder.

(d) Governing Law. In all respects, including all matters of construction, interpretation, validity and performance, this Security Agreement and the Secured Obligations shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts entered into by California residents within California and performed entirely in California, without regard to the principles thereof regarding conflict of laws.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

GRANTOR:

IMEDIA CORPORATION

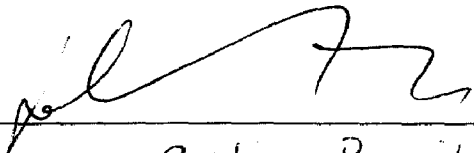
By:  _____

Printed Name: Paul Shen

Title: Vice President, Strategic Planning

ACCEPTED AND ACKNOWLEDGED BY:

TERAYON COMMUNICATION SYSTEMS, INC.

By:  _____

Printed Name: Selim Rakib

Title: President & CTO

SCHEDULE A

PERMITTED LIENS

1. Security interest in all funds, including both principal and interest, evidenced by Wells Fargo Bank certificate of deposit dated July 3, 1998, in the amount of \$364,730, and all renewals thereof, granted to Wells Fargo Bank, National Association pursuant to the Security Agreement executed as of July 6, 1998 (as provided to Secured Party).
2. Security interest in all funds, including both principal and interest, evidenced by Wells Fargo Bank certificate of deposit dated January 30, 1997 in the amount of \$165,000, all renewals thereof, granted to Wells Fargo Bank, National Association pursuant to the Security Agreement executed as of January 31, 1997 (as provided to Secured Party).