

U.S.

02-23-2001

Docket No. 05199.0008



TRADEMARK

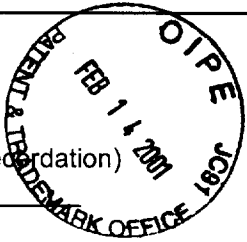
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SHEET

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

Execution Date
Month Day Year
02 04 2001

Name IDcide Inc.

Formerly _____

- ☐ Individual ☐ General Partnership ☐ Limited Partnership ☒ Corporation ☐ Association
- ☐ Other _____
- ☒ Citizenship/State of Incorporation/Organization Delaware

Receiving Party

☐ Mark if additional names of receiving parties attached

Name Bank Leumi Le-Israel B.M.

DBA/KA/TA _____

Composed of _____

Address (line 1) 35 Yehuda Halevy Street

Address (line 2) _____

Address (line 3) Tel Aviv

City

Israel

State/Country

61000

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 Israel

02/22/2001 GTOM11 00000283 75909180

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 50.00 OP

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

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

202-663-8000

Name Paul L. Singleton, Jr.

Address (line 1) 2300 N Street, NW

Address (line 2) Washington, D.C. 20037-1128

Address (line 3) _____

Address (line 4) _____

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 22

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)

75909180

75914942

75924085

Number of Properties

Enter the total number of properties involved.

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$ 90.00

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.

Paul L. Singleton, Jr.

Name of Person Signing

Signature

2/14/01

Date Signed

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of February 4, 2001, made by IDCIDE INC., a California corporation (the "Borrower"), in favor of BANK LEUMI LE-ISRAEL B.M., (the "Bank").

WITNESSETH:

WHEREAS, pursuant to the General Conditions for Opening an Account for Receiving Credits in Foreign Currency and in Israeli Currency dated October 4, 2000, between IDCIDE INC. (the "Borrower") and Bank Leumi le-Israel B.M. (the "Bank"), as amended, supplemented or otherwise modified from time to time (the "General Conditions") and the Additional Conditions for Granting Credits dated October 4, 2000, between the Borrower and the Bank, as amended, supplemented or otherwise modified from time to time (the "Additional Conditions" which together with the General Conditions forms part of the "the Credit Agreement" as such term is defined in the Additional Conditions), the Bank has agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein; and

WHEREAS, it is a condition precedent to the obligation of the Bank to make extensions of credit to the Borrower under the Credit Agreement that the Borrower shall have executed and delivered this Agreement to the Bank.

NOW, THEREFORE, in consideration of the premises and to induce the Bank to make extensions of credit to the Borrower under the Credit Agreement and other Loan Documents in the future and to induce the Bank to offer other banking services to the Borrower, the Borrower hereby agrees with the Bank as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms are used herein as defined in the California UCC: Accounts, Certificated Security, Chattel Paper, Documents, Equipment, Farm Products, Instruments and Inventory.

(ii) The following terms shall have the following meanings:

"Agreement": this Security Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower" as defined in the preamble hereto.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in Tel Aviv, Israel are authorized or required by law to close.

"California UCC": the Uniform Commercial Code as from time to time in effect in the State of California.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Collateral": as defined in Section 2.

"Collateral Account": any collateral account established by the Bank as provided in Section 5.1 or 5.4.

"Copyrights": (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished (including, without limitation, those listed in Schedule 6), all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

"Copyright Licenses": any written agreement naming the Borrower as licensor or licensee (including, without limitation, those listed in Schedule 6), granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"Credit": any loan or credit facility of any nature whatsoever, whether presently existing or granted to the Borrower by the Bank at any time in the future.

"Credit Agreement": as defined in the preamble hereto.

"Default": any event which, with the giving of notice or lapse of time (or both), would be an Event of Default.

"Deposit Account": as defined in the Uniform Commercial Code of any applicable jurisdiction and, in any event, including, without limitation, any demand, time, savings, passbook or like account maintained with a depository institution.

"Event of Default": as defined in Section 9 of the Additional Conditions.

"General Intangibles": all "general intangibles" as such term is defined in Section 9-106 of the California UCC and, in any event, including, without limitation, with respect to the Borrower, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which the Borrower is a party or under which the Borrower has any right, title or interest or to which the Borrower or any property of the Borrower is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (i) all rights of the Borrower to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of the Borrower to damages arising thereunder and (iii) all rights of the Borrower to perform and to exercise all remedies thereunder, in each case to the extent the grant by the Borrower of a security interest pursuant to this Agreement in its right, title and interest in such contract, agreement, instrument or indenture is not prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, would not give any other party to such contract, agreement, instrument or indenture the right to terminate its obligations thereunder, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate the Borrower to obtain such consents); provided, that the foregoing limitation shall not affect, limit, restrict or impair the grant by the Borrower of a security interest pursuant to this Agreement in any Receivable or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

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"Intercompany Note": any promissory note evidencing loans made by the Borrower to its Subsidiaries.

"Investment Property": the collective reference to (i) all "investment property" as such term is defined in Section 9-115 of the California UCC and (ii) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Stock.

"Issuers": the collective reference to each issuer of any Investment Property.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, prior or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any financing leases having substantially the same economic effect as any of the foregoing).

"Loan Documents" the collective reference to all documents relating to and/or setting out the terms of banking services of any nature whatsoever signed by the Borrower in favour of the Bank whether currently in force or signed at any time in the future.

"Patents". (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

"Patent License": all agreements, whether written or oral, providing for the grant by or to the Borrower of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Pledged Notes": all promissory notes listed on Schedule 2, all Intercompany Notes at any time issued to the Borrower and all other promissory notes issued to or held by the Borrower.

"Pledged Stock": the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, the Borrower while this Agreement is in effect.

"Proceeds": all "proceeds" as such term is defined in Section 9-306(1) of the California UCC and, in any event, shall include, without limitation, all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Receivable": any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Secured Obligations": shall be the collective reference to all loans, credits or overdrafts given or to be given by the Bank to the Borrower, and/or on account of undertakings, guarantees or letters of indemnity, issued or to be issued by the Bank at the request of the Borrower, and/or

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on account of documentary credits of any kind whatsoever opened or to be opened by the Bank at the request of the Borrower, and/or on account of undertakings, guarantees or letters of indemnity signed or to be signed by the Borrower towards or in favour of the Bank, and/or on accounts of bills signed, endorsed or guaranteed by the Borrower delivered or to be delivered to the Bank by the Borrower or by any third parties, and/or on account of any other banking facility given or to be given to the Borrower, and/or on account of any other liability of any kind whatsoever of the Borrower to the Bank and all other obligations and liabilities (including, without limitation, interest accruing at the then applicable rate provided in the relevant Loan Document after the maturity of the Credits and interest accruing at the then applicable rate provided in the relevant Loan Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), due or to be due or liable to become due from the Borrower to the Bank whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Agreement and/or any other Loan Document(s) or any other document made, delivered or given in connection therewith, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Bank that are required to be paid by the Borrower pursuant to the terms of this Agreement or any other Loan Document(s)). "Securities Act": the Securities Act of 1933, as amended.

"Subsidiary": as to any Person, a corporation, partnership or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Trademarks": (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether 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 or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof.

"Trademark License": any agreement, whether written or oral, providing for the grant by or to the Borrower of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

"Vehicles": all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and, in any event including, without limitation, the vehicles listed on Schedule 8 and all tires and other appurtenances to any of the foregoing.

1.2 Other Definitional Provisions. The words "hereof," "herein," "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. GRANT OF SECURITY INTEREST

The Borrower hereby assigns and transfers to the Bank, and hereby grants to the Bank, a security interest in, all of the following property now owned or at any time hereafter acquired by the Borrower or in which Borrower now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower's Secured Obligations:

- (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 Intellectual Property;
- (ix) all Inventory;
- (x) all Investment Property;
- (xi) all other property not otherwise described above;
- (xii) all books and records pertaining to the Collateral; and
- (xiii) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Bank to make extensions of credit to the Borrower under the Credit Agreement and other Loan Documents in the future and to induce the Bank to offer other banking services to the Borrower, the Borrower hereby represents and warrants to the Bank that:

- 3.1 Title; No Other Liens Except for the security granted to the Bank pursuant to this Agreement, the Borrower owns each item of the Collateral free and clear of any and all Liens or claims of others. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Bank, pursuant to this Agreement or as are permitted by the Credit Agreement.
- 3.2 Perfected First Priority Liens The security interests granted pursuant to this Agreement upon (a) completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Bank in completed and duly executed form) will constitute valid perfected security interests in all of the Collateral in favor of the Bank as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof against all creditors of the Borrower and any Persons purporting to purchase any Collateral from the Borrower and are prior to all other Liens on the Collateral in existence on the date hereof except for unrecorded Liens permitted

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by the Credit Agreement which have priority over the Liens on the Collateral by operation of law.

3.3 Chief Executive Office. On the date hereof, the Borrower's jurisdiction of organization and the location of the Borrower's chief executive office or sole place of business is/are _____.

3.4 Inventory and Equipment. On the date hereof, the Inventory and the Equipment (other than mobile goods) are kept at the following location/s: _____.

3.5 Farm Products None of the Collateral constitutes, or is the Proceeds of, Farm Products.

3.6 Investment Property The shares of Pledged Stock pledged by the Borrower hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by the Borrower.

(ii) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable.

(iii) Each of the Pledged Notes constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(iv) The Borrower is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement.

3.7 Receivables If an event of default shall occur and be continuing no amount payable to the Borrower under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Bank.

(ii) None of the obligors on any Receivables is a Governmental Authority.

(iii) The amounts represented by the Borrower to the Bank from time to time as owing to the Borrower in respect of the Receivables will at such times be accurate.

3.8 Intellectual Property Schedule 6 lists all Intellectual Property owned by the Borrower in its own name on the date hereof.

(ii) On the date hereof, all material Intellectual Property is valid, subsisting, unexpired and enforceable, has not been abandoned and does not infringe the intellectual property rights of any other Person.

(iii) Except as set forth in Schedule 6, on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which the Borrower is the licensor or franchisor.

(iv) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or the Borrower's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(v) No action or proceeding is pending, or, to the knowledge of the Borrower, threatened, on the date hereof seeking to limit, cancel or question the validity of any Intellectual Property or the Borrower's ownership interest therein, or which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property.

SECTION 4. COVENANTS

The Borrower covenants and agrees with the Bank that, from and after the date of this Agreement until the Secured Obligations shall have been paid in full, no letters of credit under the Credits shall be outstanding and all commitments under the Credits shall have been terminated:

- 4.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If an event of default shall occur and be continuing any amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be immediately delivered to the Bank, duly indorsed in a manner satisfactory to the Bank, to be held as Collateral pursuant to this Agreement.
- 4.2 Maintenance of Insurance The Borrower will maintain, with financially sound and reputable companies, insurance policies insuring the Inventory, Equipment and Vehicles against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Bank and insuring the Borrower and the Bank against liability for personal injury and property damage relating to such Inventory, Equipment and Vehicles, such policies to be in such form and amounts and having such coverage as may be reasonably satisfactory to the Bank.
- (ii) All such insurance shall provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Bank of written notice thereof, name the Bank as insured party or loss payee, if reasonably requested by the Bank and be reasonably satisfactory in all other respects to the Bank.
- (iii) The Borrower shall deliver to the Bank a report of a reputable insurance broker with respect to such insurance substantially concurrently with each delivery of the Borrower's audited annual financial statements and such supplemental reports with respect thereto as the Bank may from time to time reasonably request.
- 4.3 Payment of Obligations. The Borrower will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any interest therein.
- 4.4 Maintenance of Perfected Security Interest; Further Documentation. The Borrower shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 3.2 and shall defend such security interest against the claims and demands of all Persons whomsoever.
- (ii) The Borrower will furnish to the Bank from time to time statements and schedules further identifying and describing the assets and property of the Borrower and such other reports in connection therewith as the Bank may reasonably request, all in reasonable detail.
- (iii) At any time and from time to time, upon the written request of the Bank, and at the sole expense of the Borrower, the Borrower will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Bank may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers hereby created, including,

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without limitation, filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and subject to Section 5.3 in the case of Investment Property, Deposit Accounts and any other relevant Collateral, taking any actions necessary to enable the Bank to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto.

4.3 Changes in Locations, Name, etc The Borrower will not, except upon 30 days' prior written notice to the Bank and delivery to the Bank of all additional executed financing statements and other documents reasonably requested by the Bank to maintain the validity, perfection and priority of the security interests provided for herein and if applicable, a written supplement to Section 3.4 showing any additional location at which Inventory or Equipment shall be kept:

- (i) permit any of the Inventory or Equipment to be kept at a location other than those listed in Section 3.4;
- (ii) change its jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 3.3; or
- (iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Bank in connection with this Agreement would become misleading.

4.5 Notices. The Borrower will advise the Bank promptly, in reasonable detail, of:

- (i) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any of the Collateral which would adversely affect the ability of the Bank to exercise any of its remedies hereunder; and
- (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

4.7 Investment Property If an event of default shall occur and be continuing the Borrower shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, the Borrower shall accept the same as the agent of the Bank, hold the same in trust for the Bank and deliver the same forthwith to the Bank in the exact form received, duly indorsed by the Borrower to the Bank, if required, together with an undated stock power covering such certificate duly executed in blank by the Borrower and with, if the Bank so requests, signature guaranteed, to be held by the Bank, subject to the terms hereof, as additional collateral security for the Secured Obligations. If an event of default shall occur and be continuing any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall be paid over to the Bank to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Bank, be delivered to the Bank to be held by it hereunder as additional collateral security for the Secured Obligations. If any sums of money or property so paid or distributed in respect of the Investment Property shall be received by the Borrower, the Borrower shall, until such money or property is paid or delivered to the Bank, hold such money or property in trust for the Bank, segregated from other funds of the Borrower, as additional collateral security for the Secured Obligations.

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- (ii) Without the prior written consent of the Bank, the Borrower will not sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof, create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or enter into any agreement or undertaking restricting the right or ability of the Borrower or the Bank to sell, assign or transfer any of the Investment Property or Proceeds thereof.

4.8 Receivables. Other than in the ordinary course of business consistent with its past practice, the Borrower will not grant any extension of the time of payment of any Receivable, compromise or settle any Receivable for materially less than the full amount thereof, release, wholly or partially, any Person liable for the payment of any Receivable, allow any material credit or discount whatsoever on any Receivable or materially amend, supplement or modify any Receivable in any manner that could adversely materially affect the value thereof.

- (ii) The Borrower will deliver to the Bank a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 5% of the aggregate amount of the then outstanding Receivables.

4.9 Intellectual Property The Borrower (either itself or through licensees) will continue to use each material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, maintain as in the past the quality of products and services offered under such Trademark, use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Bank, shall obtain a perfected security interest in such mark pursuant to this Agreement, and not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

- (ii) The Borrower (either itself or through licensees) will not do any act, or omit to do any act, whereby any material Patent may become forfeited, abandoned or dedicated to the public.
- (iii) The Borrower (either itself or through licensees) will employ each material Copyright and will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired. The Borrower will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.
- (iv) The Borrower (either itself or through licensees) will not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.
- (v) The Borrower will notify the Bank immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding the Borrower's ownership of, or the validity of, any material Intellectual Property or the Borrower's right to register the same or to own and maintain the same.
- (vi) Whenever the Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or

any similar office or agency in any other country or any political subdivision thereof, the Borrower shall report such filing to the Bank within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Bank, the Borrower shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Bank may request to evidence the Bank's security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of the Borrower relating thereto or represented thereby.

- (vii) The Borrower will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.
- (viii) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, the Borrower shall take such actions as the Borrower shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and if such Intellectual Property is of material economic value, promptly notify the Bank after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

SECTION 5. REMEDIAL PROVISIONS

5.1 Certain Matters Relating to Receivables. The Bank shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and the Borrower shall furnish all such assistance and information as the Bank may require in connection with such test verifications. At any time and from time to time, upon the Bank's request and at the expense of the Borrower, the Borrower shall cause independent public accountants or others reasonably satisfactory to the Bank to furnish to the Bank reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

- (ii) The Bank hereby authorizes the Borrower to collect the Borrower's Receivables, subject to the Bank's direction and control, and the Bank may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default. If required by the Bank at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by the Borrower, shall be forthwith (and, in any event, within two Business Days) deposited by the Borrower in the exact form received, duly indorsed by the Borrower to the Bank if required, in a Collateral Account maintained under the sole dominion and control of the Bank, subject to withdrawal by the Bank only as provided in Section 5.4, and until so turned over, shall be held by the Borrower in trust for the Bank, segregated from other funds of the Borrower. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.
- (iii) At the Bank's request, the Borrower shall deliver to the Bank all original and other documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

5.2 Communications with Obligors; Borrower Remains Liable The Bank in its own name or in the name of others may at any time after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables to verify with them to the Bank's

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satisfaction the existence, amount and terms of any Receivables.

- (ii) Upon the request of the Bank at any time after the occurrence and during the continuance of an Event of Default, the Borrower shall notify obligors on the Receivables that the Receivables have been assigned to the Bank and that payments in respect thereof shall be made directly to the Bank.
- (iii) Anything herein to the contrary notwithstanding, the Borrower shall remain liable under the Receivables to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. The Bank shall not have any obligation or liability under any Receivable (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Bank of any payment relating thereto, nor shall the Bank be obligated in any manner to perform any of the obligations of the Borrower under or pursuant to any Receivable (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5.3 Pledged Stock. Unless an Event of Default shall have occurred and be continuing and the Bank shall have given notice to the Borrower of the Bank's intent to exercise its corresponding rights pursuant to Section 5.2(b), the Borrower shall be permitted to receive all cash dividends, Proceeds or other amounts paid in respect of the Pledged Stock or other Investment Property and all payments made in respect of the Pledged Notes or other Investment Property, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted under any Loan Document, and to exercise all voting and corporate rights with respect to the Investment Property; provided, however, that no vote shall be cast or corporate right exercised or other action taken which, in the Bank's reasonable judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of, this Agreement or any other Loan Document.

- (ii) If an Event of Default shall occur and be continuing and the Bank shall give notice of its intent to exercise such rights to the Borrower, the Bank shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Secured Obligations in such order as the Bank may determine, and any or all of the Investment Property shall be registered in the name of the Bank or its nominee, and the Bank or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Investment Property at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by the Borrower or the Bank of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Bank may determine), all without liability except to account for property actually received by it, but the Bank shall have no duty to the Borrower to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.
- (iii) The Borrower hereby authorizes and instructs each Issuer of any Investment Property pledged by the Borrower hereunder to comply with any instruction received by it from the Bank in writing that (x) states that an Event of Default has occurred and is

continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from the Borrower, and the Borrower agrees that each Issuer shall be fully protected in so complying, and unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Investment Property directly to the Bank.

- 5.4 Proceeds to be Turned Over To Bank. In addition to the rights of the Bank specified in Section 5.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by the Borrower consisting of cash, checks and other near-cash items shall be held by the Borrower in trust for the Bank, segregated from other funds of the Borrower, and shall, forthwith upon receipt by the Borrower, be turned over to the Bank in the exact form received by the Borrower (duly indorsed by the Borrower to the Bank, if required). All Proceeds received by the Bank hereunder shall be held by the Bank in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Bank in a Collateral Account (or by the Borrower in trust for the Bank) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 5.3.
- 5.5 Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Bank, or, if an Event of Default shall have occurred and be continuing, at any time at the Bank's election, the Bank may apply all or any part of Proceeds held in any Collateral Account in payment of the Secured Obligations in such order as the Bank may elect, and any part of such funds which the Bank elects not so to apply and deems not required as collateral security for the Secured Obligations shall be paid over from time to time by the Bank to the Borrower or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Secured Obligations shall have been paid in full, no letters of credit under the Credits shall be outstanding and all commitments under the Credits shall have been terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.
- 5.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Bank may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the California UCC or any other applicable law. Without limiting the generality of the foregoing, the Bank, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Borrower or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Bank or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Bank shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Borrower, which right or equity is hereby waived and released. The Borrower further agrees, at the Bank's request, to assemble the Collateral and make it available to the Bank at places which the Bank shall reasonably select, whether at the Borrower's premises or elsewhere. The Bank shall apply the net proceeds of any action taken by it pursuant to this Section 5.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Bank hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in

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whole or in part of the Secured Obligations, in such order as the Bank may elect, and only after such application and after the payment by the Bank of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the California UC, need the Bank account for the surplus, if any, to the Borrower. To the extent permitted by applicable law, the Borrower waives all claims, damages and demands it may acquire against the Bank arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

5.7 Registration Rights. If the Bank shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 5.6, and if in the opinion of the Bank it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act, the Borrower will cause the Issuer thereof to execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the Bank, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act, use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, and make all amendments thereto and/or to the related prospectus which, in the opinion of the Bank, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. The Borrower agrees to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Bank shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(ii) The Borrower recognizes that the Bank may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. The Borrower acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Bank shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(iii) The Borrower agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 5.7 valid and binding and in compliance with any and all other applicable Requirements of Law. The Borrower further agrees that a breach of any of the covenants contained in this Section 5.7 will cause irreparable injury to the Bank, that the Bank have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 5.7 shall be specifically enforceable against the Borrower, and the Borrower hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under any Loan Document.

5.8 Waiver, Deficiency. The Borrower waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the California UCC. The Borrower shall remain

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liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Secured Obligations and the fees and disbursements of any attorneys employed by the Bank to collect such deficiency.

SECTION 6. THE BANK

6.1 Bank's Appointment as Attorney-in-Fact, etc. The Borrower hereby irrevocably constitutes and appoints the Bank and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Borrower hereby gives the Bank the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, to do any or all of the following:

- (ii) in the name of the Borrower or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Bank for the purpose of collecting any and all such moneys due under any Receivable or with respect to any other Collateral whenever payable;
- (iii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Bank may request to evidence the Bank's security interest in such Intellectual Property and the goodwill and general intangibles of the Borrower relating thereto or represented thereby;
- (iv) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;
- (v) execute, in connection with any sale provided for in Section 5.6 or 6.7, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and
- (vi) (A) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Bank or as the Bank shall direct; (B) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (C) sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (D) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral (E) defend any suit, action or proceeding brought against the Borrower with respect to any Collateral; (F) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Bank may deem appropriate; (G) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Bank shall in its sole discretion determine; and (H) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Bank were the absolute owner thereof for all purposes and do all the Bank's

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option and the Borrower's expense, at any time, or from time to time, all acts and things which the Bank deems necessary to protect, preserve or realize upon the Collateral and the Bank's security interests therein and to effect the intent of this Agreement, all as fully and effectively as the Borrower might do.

Anything in this Section 6.1(a) to the contrary notwithstanding, the Bank agrees that it will not exercise any rights under the power of attorney provided for in this Section 6.1(a) unless an Event of Default shall have occurred and be continuing.

- (vii) If the Borrower fails to perform or comply with any of its agreements contained herein, the Bank, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such agreement.
- (viii) The expenses of the Bank incurred in connection with actions undertaken as provided in this Section 6.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any past due Credits, from the date of payment by the Bank to the date reimbursed by the Borrower, shall be payable by the Borrower to the Bank on demand.
- (ix) The Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

6.2 Duty of Bank. The Bank's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the California UCC or otherwise, shall be to deal with it in the same manner as the Bank deals with similar property for its own account. Neither the Bank nor any of its officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Bank hereunder are solely to protect the Bank's interests in the Collateral and shall not impose any duty upon the Bank to exercise any such powers. The Bank shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to the Borrower for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

6.3 Execution of Financing Statements. Pursuant to Section 9-402 of the California UCC and any other applicable law, the Borrower authorizes the Bank to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of the Borrower in such form and in such offices as the Bank determines appropriate to perfect the security interests of the Bank under this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

SECTION 7. MISCELLANEOUS

- 7.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified without the prior written consent of the Bank.
- 7.2 Notices. Unless otherwise expressly provided herein, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) in the case of delivery by hand, when delivered, (b) in the case of delivery by mail, three (3) days after being deposited in the mails, postage prepaid, addressed as follows:

IDCIDE INC.

Howard Rice Nemerovski Canady Falk & Rabkin

3 Embarcadero Center 7th Floor

San Francisco

CA - 94111-4065

Attention: Ron Star

Bank Leumi le-Israel B. M.

35 Yehuda Halevy Street

Tel Aviv, Israel.

Attention: The Manager, Hi-tec Start Up Financing

7.3 No Waiver by Course of Conduct; Cumulative Remedies. The Bank shall not by any act (except by a written instrument pursuant to Section 7.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Bank, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Bank would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

7.4 Enforcement Expenses; Indemnification.

- (i) The Borrower agrees to pay, and to save the Bank harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.
- (ii) The Borrower agrees to pay, and to save the Bank harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement.
- (iii) The agreements in this Section 7.4 shall survive repayment of the Secured Obligations and all other amounts payable under any Loan Documents.

7.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Borrower and shall inure to the benefit of the Bank and their successors and assigns; provided that the Borrower may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Bank.

7.6 Set-Off. The Borrower hereby irrevocably authorizes the Bank at any time and from time to time without notice to the Borrower or any other Borrower, any such notice being expressly waived by the Borrower, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits,

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indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Bank to or for the credit or the account of the Borrower, or any part thereof in such amounts as the Bank may elect, against and on account of the obligations and liabilities of the Borrower to the Bank hereunder and claims of every nature and description of the Bank against the Borrower, in any currency, whether arising hereunder, under any Loan Document or otherwise, as the Bank may elect, whether or not the Bank has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Bank shall notify the Borrower promptly of any such set-off and the application made by the Bank of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Bank under this Section 7.6 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Bank may have.

7.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

7.8 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.9 Section Headings. The Schedule headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

7.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower and the Bank with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Bank relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

7.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

7.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

- (i) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of California, the courts of the United States of America for the Ninth Circuit, and appellate courts from any thereof;
- (ii) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address referred to in Section 7.2 or at such other address of which the Bank shall have been notified pursuant thereto;
- (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and
- (v) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

7.13 Acknowledgments. The Borrower hereby acknowledges that:

- (i) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;
- (ii) the Bank does not have a fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Borrower, on the one hand, and the Bank, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- (iii) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby between the Borrower and the Bank.

7.14 Releases. Provided that the Borrower is not in breach of any of its undertakings to the Bank, the Bank undertakes to terminate the charges granted to the Bank by the Borrower under the Credit Agreement after all the following conditions have been met: (1) There shall be no outstanding debts whatsoever due from the Borrower to the Bank (including, inter alia, any principal, interest, fees or commissions.), (2) the Credit is no longer available to the Borrower and (3) the Bank has received written notice from the Borrower stating that the conditions described in conditions set out in (1) and (2) above, currently prevail, and requesting that the Bank remove the charges granted to the Bank by the Borrower. At the request and sole expense of the Borrower following any such termination, the Bank shall deliver to the Borrower any Collateral held by the Bank hereunder, and execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such termination.

If any of the Collateral shall be sold, transferred or otherwise disposed of by the Borrower in a transaction permitted under any relevant Loan Document, then the Bank, at the request and sole expense of the Borrower, shall execute and deliver to the Borrower all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral.

7.15 WAIVER OF JURY TRIAL. THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

IDCIDE INC.

By: _____

Name: _____

Title: _____

Erez Manor
Pres.

Ran Perry
CEO

We Agree:

בנק לאומי לעו"מ
החסימה להקצות כספים
לעו"מ אחר:



Schedule 2

DESCRIPTION OF INVESTMENT PROPERTY

Pledged Stock:

<u>Issuer</u>	<u>Class of Stock</u>	<u>No. of Shares</u>
IDcide Ltd.	Common	99

Schedule 3

FILINGS AND OTHER ACTIONS

REQUIRED TO PERFECT SECURITY INTERESTS

Uniform Commercial Code Filings

UCC-1 Financing Statement to be filed with the Secretary of State of the State of California

Patent and Trademark Filings

Filings to be made with the U.S. Patent and Trademark Office relating to the patents and trademarks described on Schedule 6 of this Agreement



Schedule 6

Patent Filings:

1. IDcide, P001 "METHOD AND APPARATUS FOR CONTROLLING TRACKING ACTIVITIES ON NETWORKS" - filed on 2-1-2000; and
2. IDcide, P003 "METHOD AND APPARATUS FOR RETRIEVING A DATABASE RECORD FROM A SERVER WITHOUT IDENTIFYING THE RETRIEVED RECORD TO THE SERVER" - filed on 4-17-2000.

Trademark Filings:

1. serial number: 75/914942
filing date: Feb 10, 2000
mark: IDCIDE
2. serial number: 75/909180
filing date: Feb 3, 2000
mark: I IDCIDE
3. serial number: 75/924085
filing date: Feb 19, 2000
mark: PRIVACY COMPANION

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a copy of the Security Agreement, dated as of February 4, 2001 (the "Agreement"), made by IDCIDE INC. for the benefit of BANK LEUMI LE-ISRAEL B.M., as Bank. The undersigned agrees for the benefit of the Bank as follows:




The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.

The undersigned will notify the Bank promptly in writing of the occurrence of any of the events described in Section 4.7(i) of the Agreement.

The terms of Sections 5.3(iii) and 5.7 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 5.3(iii) or 5.7 of the Agreement.

IDcide Ltd.

IDcide Ltd.

Name: *Greg*

Title: *CEO*

name

Address for Notices:

Fax: