


Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings	RECORDATION FORM COVER SHEET TRADEMARKS ONLY	U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.		
1. Name of conveying party(ies): Perseus 2000, L.L.C. 2099 Pennsylvania Ave., NW # 900 Washington, DC 20006-1813 <input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation-State <input checked="" type="checkbox"/> Other <u>Limited Liability Company</u>	2. Name and address of receiving party(ies) Name: <u>LF Global Holdings, LLC</u> Internal Address: _____ Street Address: <u>12230 El Camino Real, Suite 22</u> City: <u>San Diego</u> State: <u>CA</u> Zip: <u>92130</u> <input type="checkbox"/> Individual(s) citizenship _____ <input type="checkbox"/> Association _____ <input type="checkbox"/> General Partnership _____ <input type="checkbox"/> Limited Partnership _____ <input type="checkbox"/> Corporation-State _____ <input checked="" type="checkbox"/> Other <u>Limited Liability Corporation</u>	
3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____ Execution Date: <u>06/13/2003</u>	If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
4. Application number(s) or registration number(s): A. Trademark Application No.(s) _____ _____ Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	B. Trademark Registration No.(s) <u>2,115,455</u> _____	
5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Thomas E. Jurgensen, Esq.</u> Internal Address: _____ _____ Street Address: <u>Blanchard, Krasner & French</u> <u>800 Silverado Street, Ste. 200</u> City: <u>La Jolla</u> State: <u>CA</u> Zip: <u>92037</u>	6. Total number of applications and registrations involved: 1 7. Total fee (37 CFR 3.41): \$ <u>40.00</u> <input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account	
8. Deposit account number: <u>502235</u>		
DO NOT USE THIS SPACE		
9. Signature. Thomas E. Jurgensen, Esq. Reg No 34,195 Name of Person Signing	 Signature	<u>6/23/03</u> Date
Total number of pages including cover sheet, attachments, and document: 20		

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

CH \$40.00 502235 2115455

Assignment of Secured Interest.**Conveying Party: Perseus 2000, LLC.****Recordation Cover Sheet Item 2, continued.**Name and Address of Second Receiving Party (2 of 2):

Laurus Master Fund, Ltd.

c/o Ironshore Corporate

P.O. Box 1234 GT

S. Church St.

Grand Cayman, Cayman

Corporation – Cayman Islands

ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Perseus 2000, L.L.C., a Delaware limited liability company ("Assignor"), hereby sells, assigns, transfers and conveys, upon the terms and subject to the conditions set forth in that certain Purchase and Sale Agreement dated as of the date hereof by and between the Assignor and Assignees (as defined below), to L.F. Global Holding, LLC, a California limited liability company and Laurus Master Fund, Ltd., a Cayman Islands corporation (collectively "Assignees"), all of its right, title and interest in and to the following: (1) Senior Secured Convertible Promissory Note in the principal amount of \$2,000,000.00 executed by ImageWare Systems, Inc., a California corporation ("Company") in favor of Assignor dated May 22, 2002; (2) Demand Promissory Note in the principal amount of \$500,000.00 executed by the Company in favor of Assignor dated as of September 23, 2002; (3) the Pledge and Security Agreement entered into by and between Company and Assignor dated as of May 22, 2002, together with any and all collateral described therein, including without limitation, the intellectual property set forth on Exhibit BKF-1 attached hereto; and (4) the Pledge and Security Agreement entered into by and between ImageWare Systems ID Group, Inc., a Delaware corporation, and Assignor dated as of May 22, 2002, together with any and all collateral described therein, including without limitation, the intellectual property set forth on Exhibit BKF-2 attached hereto.

This assignment shall be binding on and inure to the benefit of the parties thereto, their heirs, executors, administrators, successors in interest and assigns.

IN WITNESS WHEREOF, the undersigned has executed the within instrument effective as of June 13, 2003.

ASSIGNOR:
Perseus 2000, L.L.C.,
a Delaware limited liability company

By: William B. Ford
Name: William B. Ford
Title: Managing Director

STATE OF Washington
COUNTY OF CLATSOP SS

On this 13th day of June, 2003, before me, ALLISON RHODES, Notary Public, personally appeared WILLIAM B. FORD, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal (Seal)

Allison Rhodes
SIGNATURE OF NOTARY PUBLIC

My Commission Expires September 14, 2005

0214860263



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Please return to:
 CT Corporation System
 Attn: John Ryan
 915 L Street, Suite 1440
 Sacramento, CA 95814

L 536 980 58 - 1

FILED
SACRAMENTO, CA
MAY 24, 2002 AT 1227
BILL JONES
SECRETARY OF STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
ImageWare Systems, Inc.

OR
1b. INDIVIDUAL'S LAST NAME

1c. MAILING ADDRESS
10883 Thornmint Road

CITY
San Diego

STATE **POSTAL CODE** **COUNTRY**
CA 92127 US

1d. TAX ID #: SSN OR EIN **ADDL INFO RE ORGANIZATION DEBTOR** **1e. TYPE OF ORGANIZATION** **1f. JURISDICTION OF ORGANIZATION** **1g. ORGANIZATIONAL ID #, if any**

corporation California 01578729 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR
2b. INDIVIDUAL'S LAST NAME

2c. MAILING ADDRESS

CITY

STATE **POSTAL CODE** **COUNTRY**

2d. TAX ID #: SSN OR EIN **ADDL INFO RE ORGANIZATION DEBTOR** **2e. TYPE OF ORGANIZATION** **2f. JURISDICTION OF ORGANIZATION** **2g. ORGANIZATIONAL ID #, if any**

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR/SP) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Parscus 2000, L.L.C.

OR
3b. INDIVIDUAL'S LAST NAME

3c. MAILING ADDRESS
2099 Pennsylvania Ave., N. W., Suite 900

CITY
Washington

STATE **POSTAL CODE** **COUNTRY**
DC 20006-1813 US

4. This FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the collateral.

5. ALTERNATIVE DESIGNATION (if applicable): LESSOR/LESSOR **6. THIS FINANCING STATEMENT IS TO BE USED (FOR RECORD) (IF RECORDED) AT THE:** PUBLIC PRIVATE **7. IS THIS STATEMENT A:** FIRST SEARCH REPORT (a) on Debtors (b) on Assignor **8. OF ORIGINAL FILER REFERENCE DATA:** All Debtors Debtor 1 Debtor 2

California Secretary of State

**EXHIBIT A
TO UCC-1 FINANCING STATEMENT**

Debtor: ImageWare Systems, Inc.

Secured Party: Perseus 2000, L.L.C.

Debtor hereby collaterally assigns, pledges and grants a continuing and unconditional security interest to the Secured Party, its successors and assigns, in and to all of the following:

(a) all equipment (including all "Equipment" as defined in Section 9102(a)(33) of the Uniform Commercial Code as in effect from time to time in the State of California (such code, together with any other successor or applicable adoption of the Uniform Commercial Code in any applicable jurisdiction, the "Code")) machinery, vehicles, fixtures, improvements, supplies, office furniture, fixed assets, all as now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest, and any items substituted therefor as replacements and any additions or accessions thereto;

(b) all goods (including all "Goods" as defined in Section 9102(a)(44) of the Code) and all inventory (including all "Inventory" as defined in Section 9102(a)(48) of the Code) of Debtor, now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest, including but not limited to, raw materials, scrap inventory, work in process, products, packaging materials, finished goods, all documents of title, chattel paper and other instruments covering the same and all substitutions therefor and additions thereto (all of the property described in this clause (b) being hereinafter collectively referred to as "Inventory");

(c) all present and future accounts in which Debtor has or hereafter acquires any interest (including all "Accounts" as defined in Section 9102(a)(2) of the Code), contract rights (including all rights to receive payments and other rights under all equipment and other leasing contracts) and rights to payment and rights or accounts receivable evidencing or representing indebtedness due or to become due Debtor on account of goods sold or leased or services rendered, claims, instruments and other general intangibles (including tax refunds, royalties and all other rights to the payment of money of every nature and description), including but not limited to, any such right evidenced by chattel paper, and all liens, securities, guaranties, remedies, security interests and privileges pertaining thereto (all of the property described in this clause (c) being hereinafter collectively referred to as "Accounts");

(d) all investment property now owned or hereafter acquired by Debtor (including all "Investment Property" as defined in Section 9102(a)(49) of the Code),

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including, without limitation, all securities (certificated and uncertificated), securities accounts, securities entitlements, commodity contracts and commodity accounts, excluding any of the foregoing also excluded by the immediately following paragraph (e);

(c) (i) all of the shares of capital stock of whatever class of the Issuers, now owned or hereafter acquired by Debtor, together with in each case the certificates representing the same and 66 2/3% of the shares of capital stock of whatever class of the Foreign Issuers, now owned or hereafter acquired by Debtor, together with in each case the certificates representing the same (collectively, the "Pledged Stock");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all Equity Rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock; and

(iii) without affecting the obligations of Debtor under any provision prohibiting such action under any loan document, in the event of any consolidation or merger in which any Issuer is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless such successor corporation is Debtor itself) formed by or resulting from such consolidation or merger (collectively, and together with the property described in clauses (i) and (ii) above, the "Stock Collateral");

(f) all general intangibles now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest (including all "General Intangibles" as defined in Section 9102(a)(42) of the Code), including but not limited to, payment intangibles (including all "Payment Intangibles" as defined in Section 9102(a)(61) of the Code), choses in action and causes of action and all licenses and permits (to the extent the collateral assignment of such licenses and permits is not prohibited by applicable law), contract rights (including but not limited to all rights under all Material Contracts as defined herein) and all rights to receive payments and other rights under all equipment and other leasing contracts, instruments and documents owned or used by Debtor, and any goodwill relating thereto);

(g) all other property owned by Debtor or in which Debtor has or hereafter acquires any interest, wherever located, and of whatever kind or nature, tangible or intangible, including all Intellectual Property, including, without limitation, the proprietary assets listed on Schedule 1, attached hereto;

(h) all insurance policies of any kind maintained in effect by Debtor, now existing or hereafter acquired, under which any of the property referred to in clauses (a) through (f) above is insured, including but not limited to, any proceeds payable to Debtor pursuant to such policies;

(i) all moneys, cash collateral, chattel paper (including all "Chattel Paper" as defined in Section 9102(a)(11) of the Code), checks, notes, bills of exchange, documents

COPY

of title, money orders, negotiable instruments, commercial paper, and other securities, letters of credit (including all "Letter-of-Credit Rights" as defined in Section 9102(a)(51) of the Code), supporting obligations (including all "Supporting Obligations" as defined in Section 9102(a)(77) of the Code), instruments (including all "Instruments" as defined in Section 9102(a)(47) of the Code), documents (including all "Documents" as defined in Section 9102(a)(30) of the Code), deposit accounts (including all "Deposit Accounts" as defined in Section 9102(a)(29) of the Code), deposits and credits from time to time whether or not in the possession of or under the control of the Secured Party; and

(j) any consideration received when all or any part of the property referred to in clauses (a) through (i) above is sold, transferred, exchanged, leased, collected or otherwise disposed of, or any value received as a consequence of possession thereof, including but not limited to, all products, proceeds (including all "Proceeds" as defined in Section 9102(a)(64) of the Code), cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents, insurance proceeds or proceeds of other proceeds now or hereafter owned by Debtor or in which Debtor has an interest.

The property set forth in clauses (a) through (j) of the preceding sentence, together with property of a similar nature which Debtor hereafter owns or in which Debtor hereafter acquires any interest, is referred to herein as the "Collateral."

As used in this UCC-1 Financing Statement, the following terms shall have the following meanings:

"Copyright Collateral" shall mean all Copyrights, whether now owned or hereafter acquired by Debtor.

"Copyrights" shall mean, collectively, (a) all copyrights, copyright registrations and applications for copyright registrations, (b) all renewals and extensions of all copyrights, copyright registrations and applications for copyright registration and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present or future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world.

"Equity Rights" shall mean, with respect to any person, any outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including any stockholders' or voting trust arrangements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, such person.

"Foreign Issuers" shall mean collectively each subsidiary of Debtor organized under the laws of any jurisdiction outside of the United States of America, directly or

indirectly, that is the issuer of any shares of capital stock now owned or hereafter acquired by Debtor.

"Issuers" shall mean, collectively, each subsidiary of Debtor organized under the laws of any jurisdiction within the United States of America, directly or indirectly, that is the issuer of any shares of capital stock now owned or hereafter acquired by Debtor.

"Intellectual Property" shall mean all Copyright Collateral, all Patent Collateral and all Trademark Collateral, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to Debtor with respect to any of the foregoing, in each case whether now or hereafter owned or used, including all licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral listed; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all governmental approvals now held or hereafter obtained by Debtor in respect of any of the foregoing; and (g) all causes of action, claims and warranties now owned or hereafter acquired by Debtor in respect of any of the foregoing. It is understood that Intellectual Property shall include all of the foregoing owned or acquired by Debtor on a worldwide basis.

"Material Contracts" means (i) all of the Debtor's and its subsidiaries' contracts, agreements, leases or other instruments to which the Debtor or any of its subsidiaries is a party or by which the Debtor, its subsidiaries or its properties are bound, which involve prospective fixed and/or contingent payments or expenditures by or to the Debtor or its subsidiaries of more than \$100,000 or in excess of the normal ordinary and usual requirements of its business or which extend for a term of more than a year from the date hereof, (ii) all of the Debtor's and its subsidiaries' loans or advances to any person or entity, and all loan agreements, bank lines of credit agreements, indentures, mortgages, deeds of trust, pledge and security agreements, factoring agreements, conditional sales contracts, letters of credit or other debt instruments to which the Debtor or any of its subsidiaries is a party, (iii) any guarantees by the Debtor or any of its subsidiaries, (iv) all material operating or capital leases for equipment to which the Debtor or any of its subsidiaries is a party, (v) all non-competition and similar agreements to which the Debtor is a party, (vi) all contracts for the employment of any officer or employee, (vii) all contracts, agreements or commitments with any agent, independent contractor, advisor or dealer that are not cancelable by it on notice of not longer than 30 days, (viii) all consulting agreements, (ix) all distributor and sales agency agreements, (x) any collective bargaining or union agreements, contracts or commitments, and (xi) all other contracts filed, or required to be filed by the Debtor as an exhibit to the Debtor Reports pursuant to Item 601 of Regulation S-B promulgated pursuant to the Securities Act.

"Patent Collateral" shall mean all Patents, whether now owned or hereafter acquired by Debtor.

"Patents" shall mean, collectively, (a) all patents and patent applications, (b) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of all patents or patent applications and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages, and other payments (including in respect of all past, present and future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, including all inventions and improvements described or discussed in all such patents and patent applications.

"Trademark Collateral" shall mean all Trademarks, whether now owned or hereafter acquired by Debtor. Notwithstanding the foregoing, the Trademark Collateral shall not include any Trademark which would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Trademark Collateral.

"Trademarks" shall mean, collectively, (a) all trade names, trademarks and service marks, logos, trademark and service mark registrations and applications for trademark and service mark registrations, (b) all renewals and extensions of any of the foregoing and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present and future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, together, in each case, with the product lines and goodwill of the business connected with the use of, or otherwise symbolized by, each such trade name, trademark and service mark.

COPY

EXHIBIT BKF-1
PAGE 16 OF 8

LA1258041v1

TRADEMARK
REEL: 002674 FRAME: 0660

**SCHEDULE 1
TO EXHIBIT A
TO UCC-1 FINANCING STATEMENT**

Debtor: ImageWare Systems, Inc.

Secured Party: Perseus 2000, L.L.C.

The following list indicates all material patents, patent applications, trademarks, tradenames, copyrights, etc. owned or used by the Debtor:

C.R.I.M.E.S.®
TM REG. #2,359,055

C.R.I.M.E.S.® (stylized)
TM REG. #1,992,944

CRIME CAPTURE SYSTEM®
TM REG. #2,305,346

CRIME LAB®
TM REG. #2,378,215

CRIME WEB™
APP. #76/273,627

FACE ID®
TM REG. #2,369,792

SUSPECT ID®
TM REG. #2,260,065

VEHICLE ID®
TM REG. #2,219,785

CCS Capture
CCS Retrieval
Pocket CCS

U.S. PATENT NO. 5,469,536

U.S. PATENT NO. 5,577,179

COPY

EXHIBIT BKF-1
PAGE 7 OF 8

**SCHEDULE 1
TO EXHIBIT A
TO UCC-1 FINANCING STATEMENT**

Debtor: ImageWare Systems, Inc.

Secured Party: Perseus 2000, L.L.C.

Community Trademark Registrations in Europe:

C.R.I.M.E.S.
TM REG. #809,970

FACE ID
TM REG. #901,892

COPY

LA258167v1

EXHIBIT BILF-1
PAGE 8 OF 8

TRADEMARK
REEL: 002674 FRAME: 0662



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: Name and address

Please return copy to:
CT CORPORATION SYSTEM
 Attn: John Ryan
 1350 Tread Blvd, Suite 100
 Walnut Creek, CA 94596-2133

L 536 9858-2

DELAWARE DEPARTMENT OF STATE
U.C.C. FILING SECTION
FILED 11:28 AM 05/28/2002
INITIAL FILING NUM: 2129698 1
AMENDMENT NUMBER: 0000000
SRV: 020332897

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
ImageWare Systems ID Group, Inc.

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

10883 Thornmont Road San Diego CA 92127 US

1d. TAX ID # EIN OR EIN IDENT. # FOR AN ORGANIZATION DEBTOR TYPE OF ORGANIZATION JURISDICTION OF ORGANIZATION **1e. ORGANIZATIONAL ID #, if any**

04-3248369 corporation Delaware NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. TAX ID # EIN OR EIN IDENT. # FOR AN ORGANIZATION DEBTOR TYPE OF ORGANIZATION JURISDICTION OF ORGANIZATION **2e. ORGANIZATIONAL ID #, if any**

NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNOR or ASSIGNOR EPH) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Perseus 2000, L.L.C.

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2099 Pennsylvania Ave., N. W., Suite 900 Washington DC 20006-1813 US

4. THIS FINANCING STATEMENT covers the following collateral:

See Exhibit A attached hereto for a description of the collateral.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNEE BAILOR/BAILOR SELLER/BUYER NO LIEN NON-ACQUIRING

THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD (if recorded) THIS IS A SEARCH REPORT (if recorded) ADDITIONAL FEE

6. OPTIONAL FILER REFERENCE DATA

Delaware Secretary of State

EXHIBIT BKF-2
PAGE 1 OF 7

**EXHIBIT A
TO UCC-1 FINANCING STATEMENT**

Debtor: ImageWare Systems ID Group, Inc.
Secured Party: Perseus 2000, L.L.C.

Debtor hereby collaterally assigns, pledges and grants a continuing and unconditional security interest to the Secured Party, its successors and assigns, in and to all of the following:

- (a) all equipment (including all "Equipment" as defined in Section 9-102(a)(33) of the Uniform Commercial Code as in effect from time to time in the State of New York (such code, together with any other successor or applicable adoption of the Uniform Commercial Code in any applicable jurisdiction, the "Code")) machinery, vehicles, fixtures, improvements, supplies, office furniture, fixed assets, all as now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest, and any items substituted therefor as replacements and any additions or accessions thereto;
- (b) all goods (including all "Goods" as defined in Section 9-102(a)(44) of the Code) and all inventory (including all "Inventory" as defined in Section 9-102(a)(48) of the Code) of Debtor, now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest, including but not limited to, raw materials, scrap inventory, work in process, products, packaging materials, finished goods, all documents of title, chattel paper and other instruments covering the same and all substitutions therefor and additions thereto (all of the property described in this clause (b) being hereinafter collectively referred to as "Inventory");
- (c) all present and future accounts in which Debtor has or hereafter acquires any interest (including all "Accounts" as defined in Section 9-102(a)(2) of the Code), contract rights (including all rights to receive payments and other rights under all equipment and other leasing contracts) and rights to payment and rights or accounts receivable evidencing or representing indebtedness due or to become due Debtor on account of goods sold or leased or services rendered, claims, instruments and other general intangibles (including tax refunds, royalties and all other rights to the payment of money of every nature and description), including but not limited to, any such right evidenced by chattel paper, and all liens, securities, guaranties, remedies, security interests and privileges pertaining thereto (all of the property described in this clause (c) being hereinafter collectively referred to as "Accounts");
- (d) all investment property now owned or hereafter acquired by Debtor (including all "Investment Property" as defined in Section 9-102(a)(49) of the Code),

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including, without limitation, all securities (certificated and uncertificated), securities accounts, securities entitlements, commodity contracts and commodity accounts, excluding any of the foregoing also excluded by the immediately following paragraph (e);

(e) (i) all of the shares of capital stock of whatever class of the Issuer, now owned or hereafter acquired by Debtor, together with in each case the certificates representing the same and 66 2/3% of the shares of capital stock of whatever class of the Foreign Issuers, now owned or hereafter acquired by Debtor, together with in each case the certificates representing the same (collectively, the "Pledged Stock");

(ii) all shares, securities, moneys or property representing a dividend on, or a distribution or return of capital in respect of any of the Pledged Stock, resulting from a split-up, revision, reclassification or other like change of any of the Pledged Stock or otherwise received in exchange for any of the Pledged Stock and all Equity Rights issued to the holders of, or otherwise in respect of, any of the Pledged Stock; and

(iii) without affecting the obligations of Debtor under any provision prohibiting such action under any loan document, in the event of any consolidation or merger in which any Issuer is not the surviving corporation, all shares of each class of the capital stock of the successor corporation (unless such successor corporation is Debtor itself) formed by or resulting from such consolidation or merger (collectively, and together with the property described in clauses (i) and (ii) above, the "Stock Collateral");

(f) all general intangibles now owned or hereafter acquired by Debtor or in which Debtor has or hereafter acquires any interest (including all "General Intangibles" as defined in Section 9-102(a)(42) of the Code), including but not limited to, payment intangibles (including all "Payment Intangibles" as defined in Section 9-102(a)(61) of the Code), choses in action and causes of action and all licenses and permits (to the extent the collateral assignment of such licenses and permits is not prohibited by applicable law), contract rights (including but not limited to all rights to receive payments and other rights under all equipment and other leasing contracts, instruments and documents owned or used by Debtor, and any goodwill relating thereto);

(g) all other property owned by Debtor or in which Debtor has or hereafter acquires any interest, wherever located, and of whatever kind or nature, tangible or intangible, including all Intellectual Property;

(h) all insurance policies of any kind maintained in effect by Debtor, now existing or hereafter acquired, under which any of the property referred to in clauses (a) through (f) above is insured, including but not limited to, any proceeds payable to Debtor pursuant to such policies;

(i) all moneys, cash collateral, chattel paper (including all "Chattel Paper" as defined in Section 9-102(a)(11) of the Code), checks, notes, bills of exchange, documents of title, money orders, negotiable instruments, commercial paper, and other securities, letters of credit (including all "Letter-of-Credit Rights" as defined in

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Section 9-102(a)(51) of the Code), supporting obligations (including all "Supporting Obligations" as defined in Section 9-102(a)(77) of the Code), instruments (including all "Instruments" as defined in Section 9-102(a)(47) of the Code), documents (including all "Documents" as defined in Section 9-102(a)(30) of the Code), deposit accounts (including all "Deposit Accounts" as defined in Section 9-102(a)(29) of the Code), deposits and credits from time to time whether or not in the possession of or under the control of the Secured Party; and

(j) any consideration received when all or any part of the property referred to in clauses (a) through (i) above is sold, transferred, exchanged, leased, collected or otherwise disposed of, or any value received as a consequence of possession thereof, including but not limited to, all products, proceeds (including all "Proceeds" as defined in Section 9-102(a)(64) of the Code), cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents, insurance proceeds or proceeds of other proceeds now or hereafter owned by Debtor or in which Debtor has an interest.

The property set forth in clauses (a) through (j) of the preceding sentence, together with property of a similar nature which Debtor hereafter owns or in which Debtor hereafter acquires any interest, is referred to herein as the "Collateral."

As used in this UCC-1 Financing Statement, the following terms shall have the following meanings:

"Copyright Collateral" shall mean all Copyrights, whether now owned or hereafter acquired by Debtor.

"Copyrights" shall mean, collectively, (a) all copyrights, copyright registrations and applications for copyright registrations, (b) all renewals and extensions of all copyrights, copyright registrations and applications for copyright registration and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present or future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world.

"Equity Rights" shall mean, with respect to any person, any outstanding subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including any stockholders' or voting trust arrangements) for the issuance, sale, registration or voting of, or outstanding securities convertible into, any additional shares of capital stock of any class, or partnership or other ownership interests of any type in, such person.

"Foreign Issuers" shall mean, collectively, each subsidiary of Debtor organized under the laws of any jurisdiction outside of the United States of America, directly or

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indirectly, that is the issuer of any shares of capital stock now owned or hereafter acquired by Debtor.

"Issuers" shall mean, collectively, each subsidiary of Debtor organized under the laws of any jurisdiction within the United States of America, directly or indirectly, that is the issuer of any shares of capital stock now owned or hereafter acquired by Debtor.

"Intellectual Property" shall mean all Copyright Collateral, all Patent Collateral and all Trademark Collateral, including without limitation, the proprietary assets listed on Schedule I, attached hereto, as they pertain to Debtor, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to Debtor with respect to any of the foregoing, in each case whether now or hereafter owned or used, including all licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral listed; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all governmental approvals now held or hereafter obtained by Debtor in respect of any of the foregoing; and (g) all causes of action, claims and warranties now owned or hereafter acquired by Debtor in respect of any of the foregoing. It is understood that Intellectual Property shall include all of the foregoing owned or acquired by Debtor on a worldwide basis.

"Patent Collateral" shall mean all Patents, whether now owned or hereafter acquired by Debtor.

"Patents" shall mean, collectively, (a) all patents and patent applications, (b) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of all patents or patent applications and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages, and other payments (including in respect of all past, present and future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, including all inventions and improvements described or discussed in all such patents and patent applications.

"Trademark Collateral" shall mean all Trademarks, whether now owned or hereafter acquired by Debtor. Notwithstanding the foregoing, the Trademark Collateral shall not include any Trademark which would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Trademark Collateral.

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"Trademarks" shall mean, collectively, (a) all trade names, trademarks and service marks, logos, trademark and service mark registrations and applications for trademark and service mark registrations, (b) all renewals and extensions of any of the foregoing and (c) all rights, now existing or hereafter coming into existence, (i) to all income, royalties, damages and other payments (including in respect of all past, present and future infringements) now or hereafter due or payable under or with respect to any of the foregoing, (ii) to sue for all past, present and future infringements with respect to any of the foregoing and (iii) otherwise accruing under or pertaining to any of the foregoing throughout the world, together, in each case, with the product lines and goodwill of the business connected with the use of, or otherwise symbolized by, each such trade name, trademark and service mark.

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**SCHEDULE I
TO EXHIBIT A
TO UCC-1 FINANCING STATEMENT**

Debtor: ImageWare Systems ID Group, Inc.

Secured Party: Persens 2000, L.L.C.

The following list indicates all material patents, patent applications, trademarks, tradenames, copyrights, etc. owned or used by the Debtor:

Identifier®
TM REG. #2,303,723

WinBadge®
TM REG. #2,115,455

WinBadge Aviation

WinBadge NT

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