

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
PEPPERBALL TECHNOLOGIES, INC.		11/18/2005	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	AGILITY CAPITAL, LLC		
<b>Street Address:</b>	226 E. CANON PERDIDO		
<b>Internal Address:</b>	SUITE F		
<b>City:</b>	SANTA BARBARA		
<b>State/Country:</b>	CALIFORNIA		
<b>Postal Code:</b>	93101		
<b>Entity Type:</b>	LIMITED LIABILITY COMPANY: CALIFORNIA		
<b>PROPERTY NUMBERS Total: 5</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Serial Number:</b>	78555842	CHEM-NETICS	
<b>Registration Number:</b>	2716025	PEPPERBALL	
<b>Registration Number:</b>	2678576	PEPPERBALL.COM	
<b>Registration Number:</b>	2946503	IMPACT PLUS	
<b>Registration Number:</b>	2872429	NEUTRALIZER	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(858)550-6420		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	858-550-6403		
<b>Email:</b>	erin.obrien@cooley.com		
<b>Correspondent Name:</b>	Erin O'Brien		
<b>Address Line 1:</b>	4401 Eastgate Mall		
<b>Address Line 4:</b>	San Diego, CALIFORNIA 92121		

CH \$140.00 78555842

ATTORNEY DOCKET NUMBER:	305948-110 PEPPERBALL
NAME OF SUBMITTER:	Erin O'Brien
Signature:	/Erin O'Brien/
Date:	11/18/2005
Total Attachments: 4 source=Pepperball IPSA#page1.tif source=Pepperball IPSA#page2.tif source=Pepperball IPSA#page3.tif source=Pepperball IPSA#page4.tif	

## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement is entered into as of November 18, 2005 by and between AGILITY CAPITAL, LLC ("Lender") and PEPPERBALL TECHNOLOGIES, INC., a California corporation ("Borrower").

### RECITALS

Lender and Borrower are parties to that certain Loan Agreement of even date (as amended from time to time, the "Loan Agreement"). Capitalized terms used herein have the meaning assigned in the Loan Agreement. Pursuant to the terms of the Loan Agreement, Borrower has granted to Lender security interest in the Collateral.

NOW, THEREFORE, Borrower agrees as follows:

### AGREEMENT

To secure performance of its obligations under the Loan Agreement, Borrower grants to Lender a security interest in all of Borrower's right, title and interest in Borrower's intellectual property (including without limitation those Copyrights, Patents and Trademarks listed on Schedules A, B and C hereto), including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits). This security interest is granted in conjunction with the security interest granted to Lender under the Loan Agreement. Each right, power and remedy of Lender provided for herein shall not preclude the simultaneous or later exercise by Lender of any or all other rights, powers or remedies.

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed as of the first date written above.

Address of Borrower:

PEPPERBALL TECHNOLOGIES, INC.

6142 Nancy Ridge Drive, Suite 101  
San Diego, CA 92121

By: 

Title: CEO

Attn:

Address of Lender:

AGILITY CAPITAL, LLC

226 E. Canon Perdido Street, Suite F  
Santa Barbara, CA 93101

By: 

Title: Chief Operating Officer

EXHIBIT A

Copyrights

	<u>Title</u>	<u>Registration Number</u>	<u>Date of Registration</u>
NONE			

EXHIBIT B

## Patents

<u>Title</u>	<u>Serial /Patent Number</u>	<u>Application/Issue Date</u>
Non-Lethal Projectile for Delivering an Inhibiting Substance to a Living Target	5,965,839	Oct. 19, 1999
Non-Lethal Projectile for Delivering an Inhibiting Substance to a Living Target	6,393,992	May 28, 2002
Non-Lethal Projectile for Delivering an Inhibiting Substance to a Living Target	6,546,874	April 15, 2003
Non-Lethal Projectile Systems	6,543,365	April 8, 2003
Stabilized Non-Lethal Projectile Systems	10/731,684	Dec. 8, 2003
Non-Lethal Projectiles for Delivering an Inhibiting Substance to a Living Target	10,866,031	June 10, 2004
Non-Lethal Projectiles for Delivering an Inhibiting Substance to a Living Target	10/146,013	May 14, 2002
Primer Launched Projectile Systems	60/560,847	April 8, 2005
Compact Projectile Launcher	60/570,548	May 12, 2005
Non-Lethal Projectile Systems	10/208,727	July 29, 2002
Compressed Gas Cartridge Puncture Apparatus	60,570,549	May 12, 2005

EXHIBIT C

## Trademarks

<u>Description</u>	<u>Registration / Serial Number</u>	<u>Registration / Application Date</u>
Chem-netics	78/555842	Jan. 28, 2005
PepperBall (Europe)	002035798	Jan. 5, 2001
PepperBall (USA)	2716025	Sept. 14, 1999
PepperBall.com & design	2678576	Dec. 17, 1999
Impact Plus	2946503	March 17, 2003
Neutralizer	2872429	May 15, 2003