

**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>
Nestor Traffic Systems, Inc.		05/25/2006	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	U.S. Bank National Association		
<b>Street Address:</b>	225 Asylum Street, 23rd Floor		
<b>City:</b>	Hartford		
<b>State/Country:</b>	CONNECTICUT		
<b>Postal Code:</b>	06103		
<b>Entity Type:</b>	National Association:		
<b>PROPERTY NUMBERS Total: 3</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	2655921	CITATION COMPOSER	
<b>Registration Number:</b>	2679829	NESTOR TRAFFIC SYSTEMS	
<b>Serial Number:</b>	78865051	NTS VIDEO VASCAR	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(617)345-9020		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	617-345-9000		
<b>Email:</b>	aspagnole@haslaw.com, tmdocket@haslaw.com		
<b>Correspondent Name:</b>	Amy B. Spagnole		
<b>Address Line 1:</b>	28 State Street		
<b>Address Line 4:</b>	Boston, MASSACHUSETTS 02109		
<b>NAME OF SUBMITTER:</b>	Amy B. Spagnole		
<b>Signature:</b>	/Amy B. Spagnole/		
<b>Date:</b>	09/15/2006		

OP \$90.00 2655921

**Total Attachments: 5**

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ASSIGNMENT FOR SECURITY

WHEREAS, NESTOR, INC., a Delaware corporation ("Nestor"), whether by itself or through its wholly-owned subsidiary, NESTOR TRAFFIC SYSTEMS, INC., a Delaware corporation ("NTS"), and together with Nestor, the "Assignor", (i) owns the patents and patent applications, and the inventions disclosed or claimed therein and all continuations, extensions, divisions, renewals, substitutes or reissues thereof, listed on the annexed Schedule A (the "Patents"), which Patents are in full force and effect; (ii) has adopted, used and is using the trademarks listed on the annexed Schedule A, which trademarks are registered in the United States Patent and Trademark Office to the extent indicated (the "Trademarks"); and (iii) owns the copyright registrations and copyright applications listed on Schedule A annexed hereto, together with any reissues, extensions or renewals thereof (the "Copyrights"); and

WHEREAS, Nestor is obligated to the Purchasers (the "Purchasers") identified in that certain Securities Purchase Agreement, dated as of May 24, 2006, and under the Senior Secured Convertible Notes purchased or to be purchased thereunder, and has entered into a Security Agreement – Trademarks, Patents and Copyrights, dated as of May 25, 2006 (the "IP Security Agreement"), in favor of U.S. Bank National Association (the "Assignee") as Collateral Agent on behalf of the Purchasers; and

WHEREAS, pursuant to the IP Security Agreement, Assignor has assigned to Assignee and granted to Assignee a mortgage on, pledge of and security interest in, all right, title and interest of Assignor in and to (i) the Patents and similar legal protection, both domestic and foreign, including all continuations, extensions, divisions, renewals, substitutes or reissues thereof, and all proceeds thereof, including, without limitation, any royalties, fees, claims for past, present and future infringement and proceeds of sale or other disposition thereof (the "Patents Collateral"); (ii) the Trademarks, together with the good will of the business symbolized by the Trademarks, and the registrations or applications for registration thereof, and all proceeds thereof, including, without limitation, any royalties, claims for infringement and proceeds of sale or other disposition thereof (the "Trademarks Collateral"); and (iii) the Copyrights (the "Copyrights Collateral") (collectively, the Patents Collateral, the Trademarks Collateral and the Copyrights Collateral shall be referred to herein as the "Intellectual Property Collateral"), to secure the payment of the Obligations (as defined in the IP Security Agreement);

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, Assignor does hereby further assign unto Assignee and grant to Assignee (for the benefit of the Assignee) a mortgage on, pledge of and security interest in the Intellectual Property Collateral to secure prompt payment of the Obligations.

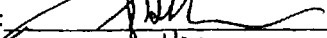
Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the assignment of, mortgage on, pledge of and security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the IP Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth in this Assignment.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed by its officers thereunto duly authorized as of the 25th day of May 2006.

ASSIGNOR:

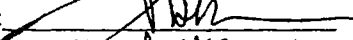
NESTOR, INC.

[Corporate Seal]

By:   
Name: WILLIAM I. HARRISON  
Title: CEO

NESTOR TRAFFIC SYSTEMS, INC.

[Corporate Seal]

By:   
Name: WILLIAM I. HARRISON  
Title: CEO

[Signature Page to Assignment for Security]

#748723 v1

ACKNOWLEDGMENT

STATE OF RHODE ISLAND     )  
  )  
COUNTY OF PROVIDENCE    )

On this 25<sup>th</sup> day of May, 2006, before me Nigel P. Hebborn 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 entity upon behalf of which the person acted, executed the instrument.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*Eleanor Anne (Case) Figueiredo*  
Eleanor Anne (Case) Figueiredo  
Notary Public

My commission expires:  
6/26/09

## Schedule A to Assignment for IP Security Agreement

### Patents

#### US

- A. 6,970,102 Traffic violation detection, recording and evidence processing system
- B. 6,950,789 Traffic violation detection at an intersection employing a virtual violation line
- C. 6,760,061 Traffic sensor
- D. 6,754,663 Video-file based citation generation system for traffic light violations
- E. 6,647,361 Non-violation event filtering for a traffic light violation detection system
- F. 6,573,929 Traffic light violation prediction and recording system
- G. 6,560,360 Feed forward feed back multiple neural network with context driven recognition
- H. 6,281,808 Traffic light collision avoidance system
- I. 6,188,329 Integrated traffic light violation citation generation and court date scheduling system
- J. 5,701,398 Adaptive classifier having multiple subnetworks
- K. 5,479,574 Method and apparatus for adaptive classification
- L. 5,054,093 Parallel, multi-unit, adaptive, nonlinear pattern class separator and identifier
- M. 4,958,375 Parallel, multi-unit, adaptive pattern classification system using inter-unit correlations and an intra-unit class separator methodology
- N. 4,897,811 N-dimensional coulomb neural network which provides for cumulative learning of internal representations

#### Australian

- A. 761,072 Traffic light violation prediction and recording system
- B. 775,840 Traffic light collision avoidance system

#### Japanese

- A. 2,976,053 Parallel, multi-unit, adaptive, nonlinear pattern class separator and identifier

### Patent Applications

#748723 v1

***EPO***

- A. 99 962 818.3 Traffic light violation prediction and recording system
- B. 99 959 067.2 Traffic light collision avoidance system

***Trademarks***

***US***

- A. 2655921 Citation Composer
- B. 2138538 CrossingGuard
- C. 2679829 Nestor Traffic Systems
- D. 2290068 Nestor
- E. 1384074 Nestor System
- F. 2568931 Nestor logo (human head design)
- G. 2118342 Traffic Vision

"NESTOR SYSTEM" is also a registered trademark in Canada (327,283), France (1,317,788), Germany (1,091,726) and Japan (2,054,809)

***Trademark Applications***

***US***

- A. 78/865051 NTS VIDEO VASCAR

***Copyrights Collateral***

None.