

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
8e6 Technologies	FORMERLY Logon Data Corporation	12/26/2006	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	Secret Communications II, LLC
Street Address:	312 Walnut Street
Internal Address:	Suite 3550
City:	Cincinnati
State/Country:	OHIO
Postal Code:	45202
Entity Type:	LIMITED LIABILITY COMPANY: OHIO

PROPERTY NUMBERS Total: 8

Property Type	Number	Word Mark
Serial Number:	76044858	R2000
Serial Number:	76048074	MUDCRAWLER
Serial Number:	76048245	X-STOP
Serial Number:	76048556	X-SERVER
Serial Number:	76154319	8E6
Serial Number:	76154320	8E6 TECHNOLOGIES
Serial Number:	78405519	TURBOPIPE
Serial Number:	76677759	PASS-BY TECHNOLOGY

CORRESPONDENCE DATA

Fax Number: (513)381-0205
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: (513) 381-2838
 Email: RogersB@taftlaw.com

CH \$215.00 76044858

Correspondent Name: Brie S. Rogers
Address Line 1: 425 Walnut Street
Address Line 2: Suite 1800
Address Line 4: Cincinnati, OHIO 45202-3957

NAME OF SUBMITTER:	Brie S. Rogers
Signature:	/bsr/
Date:	07/10/2007

Total Attachments: 22

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CORRECTION AGREEMENT

Agreement dated as of June 25, 2007, among 8e6 Technologies, Inc., a California corporation ("8e6"), Frank E. Wood ("Wood") and Secret Communications II, LLC, an Ohio limited liability company ("Secret").

The parties agree as follows:

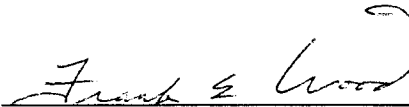
1. 8e6 and Wood are parties to series of Loan and Security Agreements dated as of December 26, 2006, February 15, 2007 and March 9, 2007 purporting to evidence loans made by Wood to 8e6 and a series of corresponding Warrants issued by 8e6 to Wood. In fact, the parties desired that such loans be made by, and such Warrants be issued to, Secret rather than Wood. The parties hereby agree that for all purposes Secret shall be deemed to be the lender under such Loan and Security Agreements and the initial holder of such Warrants.

2. The third paragraph of the Warrant issued on December 26, 2006 inadvertently refers to "the agreed sum of \$385,000." The parties agree that such Warrant shall be deemed to read "the agreed sum of \$100."


3. 8e6 hereby authorizes Secret or its counsel to file all financing statements under the Uniform Commercial Code or liens with the U.S. Patent and Trademark Office, and any amendments thereto, as shall be desirable to perfect the security interests granted to Secret pursuant to such Loan and Security Agreements.

8e6 TECHNOLOGIES, INC.

By: 


Frank E. Wood

SECRET COMMUNICATIONS II, LLC

By: 
Member

\$ 500,000

Loan and Security Agreement

Borrower: 8e6 Technologies
Address: 828 West Taft Avenue, Orange, California 92865

Date: December 26, 2006

THIS LOAN AND SECURITY AGREEMENT is entered into on the above date between Frank Wood ("Wood"), whose address is 312 Walnut St. Suite 3550, Cincinnati, OH 45402 and the borrower(s) named above (jointly and severally, the "Borrower"), whose chief executive office is located at the above address ("Borrower's Address"). The Schedule to this Agreement (the "Schedule") being signed by the parties concurrently, is an integral part of this Agreement. (Definitions of certain terms used in this Agreement are set forth in Section 8 below.)

1. LOANS.

1.1 Loans. WOOD will make loans to Borrower (the "Loans") up to the amounts (the "Credit Limit") shown on the Schedule, provided no Default or Event of Default has occurred and is continuing, and subject to deduction of Reserves for accrued interest and such other Reserves as WOOD may establish in accordance with the definition thereof.

1.2 Interest. All Loans and all other monetary Obligations shall bear interest at the rate shown on the Schedule, except where expressly set forth to the contrary in this Agreement. Interest shall be payable monthly. Interest may, in WOOD's discretion, be charged to Borrower's loan account, and the same shall thereafter bear interest at the same rate as the other Loans. Regardless of the amount of the Obligations that may be outstanding from time to time, Borrower shall pay WOOD minimum monthly interest during the term of this Agreement in the amount set forth on the Schedule (the "Minimum Monthly Interest").

1.3 Late Fee. If any payment of accrued interest for any month is not made within three business days after the date a bill therefor is sent by WOOD to Borrower, or if any payment of principal or any other payment is not made within three Business Days after the date due, Borrower shall pay WOOD a late payment fee equal to 5% of the amount of such late payment. The provisions of this paragraph shall not be construed as WOOD's consent to Borrower's failure to pay any amounts when due, and WOOD's acceptance of any such late payments shall not restrict WOOD's exercise of any remedies arising out of any such failure.

2. SECURITY INTEREST.

2.1 Grant of Security Interest. To secure the payment and performance of all of the Obligations when due, Borrower hereby grants to WOOD a security interest in all of the following (collectively, the "Collateral"): all right, title and interest of Borrower in and to all of the following, whether now owned or hereafter arising or acquired and wherever located: all Accounts; all Inventory; all Equipment; all Deposit Accounts; all General Intangibles (including without limitation all Intellectual Property); all Investment Property; all Other Property; and any and all claims, rights and interests in any of the above, and all guaranties and security for any of the above, and all substitutions and replacements for, additions, accessions, attachments, accessories, and improvements to, and proceeds (including proceeds of any insurance policies, proceeds of proceeds and claims against third parties) of, any and all of the above, and all Borrower's books relating to any and all of the above.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER.

In order to induce WOOD to enter into this Agreement and to make Loans, Borrower represents and warrants to WOOD as follows, and Borrower covenants that the following representations will continue to be true, and that Borrower will at all times comply with all of the following covenants, throughout the term of this Agreement and until all Obligations have been paid and performed in full:

3.1 Corporate Existence and Authority. Borrower is and will continue to be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Borrower is and will continue to be qualified and licensed to do business in all jurisdictions in which any failure to do so would result in a Material Adverse Change. The execution, delivery and performance by Borrower of this Agreement, and all other documents contemplated hereby (i) have been duly and validly authorized, (ii) are enforceable against Borrower in accordance with their terms (except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally), and (iii) do not violate Borrower's articles or certificate of incorporation, or Borrower's by-laws, or any law or any material agreement or instrument which is binding upon Borrower or its property, and (iv) do not constitute grounds for acceleration of any material indebtedness or obligation under any agreement or instrument which is binding upon Borrower or its property.

3.2 Name; Trade Names and Styles. As of the date hereof, the name of Borrower set forth in the heading to this Agreement is its correct name, as set forth in its Articles or Certificate of Incorporation. Listed in the Representations are all prior names of Borrower and all of Borrower's present and prior trade names as of the date hereof. Borrower shall give WOOD 30 days' prior written notice before changing its name or doing business under any other name. Borrower has complied, and will in the future comply, in all material respects, with all laws relating to the conduct of business under a fictitious business name, if applicable to Borrower.

3.3 Place of Business; Location of Collateral. As of the date hereof, the address set forth in the heading to this Agreement is Borrower's chief executive office. In addition, as of the date hereof, Borrower has places of business and Collateral is located only at the locations set forth in the Representations. Borrower will give WOOD at least 30 days prior written notice before opening any additional place of business, changing its chief executive office, or moving any of the Collateral to a location other than Borrower's Address or one of the locations set forth in the Representations, except that Borrower may maintain sales offices in the ordinary course of business at which not more than a total of \$10,000 fair market value of Equipment is located.

3.4 Title to Collateral; Perfection; Permitted Liens.

(a) Borrower is now, and will at all times in the future be, the sole owner of all the Collateral, except for items of Equipment which are leased to Borrower. The Collateral now is and will remain free and clear of any and all liens, charges, security interests, encumbrances and adverse claims, except for Permitted Liens. WOOD now has, and will continue to have, a first-priority perfected and enforceable security interest in all of the Collateral, subject only to the Permitted Liens, and Borrower will at all times defend WOOD and the Collateral against all claims of others.

(b) Borrower has set forth in the Representations all of Borrower's Deposit Accounts, and Borrower will give WOOD five Business Days advance written notice before establishing any new Deposit Accounts and will cause the institution where any such new Deposit Account is maintained to execute and deliver to WOOD a control agreement in form sufficient to perfect WOOD's security interest in the Deposit Account and otherwise satisfactory to WOOD in its good faith business judgment.

(c) In the event that Borrower shall at any time after the date hereof have any commercial tort claims against others, which it is asserting, and in which the potential recovery exceeds \$100,000, Borrower shall promptly notify WOOD thereof in writing and provide WOOD with such information regarding the same as WOOD shall request (unless providing such information would waive the Borrower's attorney-client privilege). Such notification to WOOD shall constitute a grant of a security interest in the commercial tort claim and all proceeds thereof to WOOD, and Borrower shall execute and deliver all such documents and take all such actions as WOOD shall request in connection therewith.

(d) None of the Collateral now is or will be affixed to any real property in such a manner, or with such intent, as to become a fixture. Borrower is not and will not become a lessee under any real property lease pursuant to which the lessor may obtain any rights in any of the Collateral and no such lease now prohibits, restrains, impairs or will prohibit, restrain or impair Borrower's right to remove any Collateral from the leased premises. Whenever any Collateral is located upon premises in which any third party has an interest, Borrower shall, whenever requested by WOOD, use commercially reasonable efforts to cause such third party to execute and deliver to WOOD, in form acceptable to WOOD, such waivers and subordinations as WOOD shall specify in its good faith business judgment. Borrower will keep in full force and effect, and will comply with all material terms of, any lease of real property where any of the Collateral now or in the future may be located.

3.5 Maintenance of Collateral. Borrower will maintain the Collateral in good working condition (ordinary wear and tear excepted), and Borrower will not use the Collateral for any unlawful purpose. Borrower will immediately advise WOOD in writing of any material loss or damage to the Collateral.

3.6 Books and Records. Borrower has maintained and will maintain at Borrower's Address complete and accurate books and records, comprising an accounting system in accordance with GAAP.

3.7 Financial Condition, Statements and Reports. All financial statements now or in the future delivered to WOOD have been, and will be, prepared in conformity with GAAP and now and in the future will fairly present the results of operations and financial condition of Borrower in all material respects, in accordance with GAAP, at the times and for the periods therein stated. Between the last date covered by any such statement provided to WOOD and the date hereof, there has been no Material Adverse Change.

3.8 Tax Returns and Payments; Pension Contributions. Borrower has timely filed, and will timely file, all required tax returns and reports, and Borrower has timely paid, and will timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions now or in the future owed by Borrower. Borrower may, however, defer payment of any of the foregoing which are contested by Borrower in good faith, provided that Borrower (i) Borrower contests the same by appropriate proceedings promptly and diligently instituted and conducted, (ii) notifies WOOD in writing of the commencement of, and any material development in, the proceedings, and (iii) posts bonds or takes any other steps required to keep the same from becoming a lien upon any of the Collateral. Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid, and shall continue to pay all amounts necessary to fund all present and future pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not and will not withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

3.9 Compliance with Law. Borrower has, to the best of its knowledge, complied, and will comply, in all material respects, with all provisions of all foreign, federal, state and local laws and regulations applicable to Borrower, including, but not limited to, those relating to Borrower's ownership of real or personal property, the conduct and licensing of Borrower's business, and all environmental matters.

3.10 Litigation. There is no claim, suit, litigation, proceeding or investigation pending or (to best of Borrower's knowledge) threatened against or affecting Borrower in any court or before any governmental agency (or any basis therefor known to Borrower) which could reasonably be expected to result, either separately or in the aggregate, in any Material Adverse Change. Borrower will promptly inform WOOD in writing of any claim, proceeding, litigation or investigation in the future threatened or instituted against Borrower involving any single claim of \$50,000 or more, or involving \$100,000 or more in the aggregate.

3.11 Use of Proceeds. All proceeds of all Loans shall be used solely for lawful business purposes. Borrower is not purchasing or carrying any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) and no part of the proceeds of any Loan will be used to purchase or carry any "margin stock" or to extend credit to others for the purpose of purchasing or carrying any "margin stock."

3.12 No Default. At the date hereof, no Default or Event of Default has occurred, and no Default or Event of Default will have occurred after giving effect to any Loans being made concurrently herewith.

3.13 Protection and Registration of Intellectual Property Rights. Borrower shall: (a) protect, defend and maintain the validity and enforceability of its intellectual property; (b) promptly advise WOOD in writing of material infringements of its intellectual property; and (c) not allow any intellectual property material to Borrower's business to be abandoned, forfeited or dedicated to the public without WOOD's written consent. If Borrower decides to register any copyrights or mask works in the United States Copyright Office, Borrower shall: (x) provide WOOD with at least fifteen (15) days prior written notice of its intent to register such copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement or such other documents as WOOD may reasonably request to maintain the perfection and priority of WOOD's security interest in the copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the copyright or mask work application(s) with the United States Copyright Office. Borrower shall promptly provide to WOOD a copy of the application(s) filed with the United States Copyright Office together with evidence of the recording of the intellectual property security agreement necessary for WOOD to maintain the perfection and priority of its security interest in such copyrights or mask works. Borrower shall provide written notice to WOOD of any application filed by Borrower in the United States Patent and Trademark Office for a patent or to register a trademark or service mark within 30 days after any such filing.

4. ACCOUNTS.

4.1 Representations Relating to Accounts. Borrower represents and warrants to WOOD as follows: Each Account with respect to which Loans are requested by Borrower shall, on the date each Loan is requested and made, (i) represent an undisputed bona fide existing unconditional obligation of the Account Debtor created by the sale, delivery, and acceptance of goods or the rendition of services, or the non-exclusive licensing of Intellectual Property, in the ordinary course of Borrower's business, and (ii) meet the Minimum Eligibility Requirements set forth in Section 8 below.

4.2 Representations Relating to Documents and Legal Compliance. Borrower represents and warrants to WOOD as follows: All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Accounts are and shall be true and correct in all material respects and all such invoices, instruments and other documents and all of Borrower's books and records are and shall be genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Account shall comply in all material respects with all applicable laws and governmental rules and regulations. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Accounts are and shall be genuine, and all such documents, instruments and agreements are and shall be legally enforceable in accordance with their terms.

4.3 Documents Relating to Accounts. If requested by WOOD, Borrower shall furnish WOOD with copies (or, at WOOD's request, originals) of all contracts, orders, invoices, and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts, and Borrower warrants the genuineness of all of the foregoing. Borrower shall also furnish to WOOD an aged accounts receivable trial balance as provided in the Schedule. In addition, subject to the rights of the Senior Lender, Borrower shall deliver to WOOD, on its request, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary indorsements, and copies of all credit memos.

4.4 Collection of Accounts. Borrower shall have the right to collect all Accounts, unless and until a Default or an Event of Default has occurred and is continuing. Subject to the rights of the Senior Lender, WOOD may, in its good faith business judgment, require that all proceeds of Collateral be deposited by Borrower into a lockbox account, or such other "blocked account" as WOOD may specify, pursuant to a blocked account agreement in such form as WOOD may specify in its good faith business judgment.

4.5 Remittance of Proceeds. Subject to the rights of the Senior Lender, all proceeds arising from the disposition of any Collateral shall be delivered, in kind, by Borrower to WOOD in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations in such order as WOOD shall determine; provided that, if no Default or Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to WOOD (i) the proceeds of Accounts arising in the ordinary course of business, or (ii) the proceeds of the sale of worn out or obsolete Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of \$25,000 or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral (other than those described in subclauses (i) and (ii), above) with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for WOOD, except as set forth above, and subject to the rights of the Senior Lender. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

4.6 Disputes. Borrower shall notify WOOD promptly of all disputes or claims relating to Accounts. Borrower shall not forgive (completely or partially), compromise or settle any Account for less than payment in full, or agree to do any of the foregoing, except that Borrower may do so, provided that: (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, and in arm's length transactions, which are reported to WOOD on the regular reports provided to WOOD; (ii) no Default or Event of Default has occurred and is continuing; and (iii) taking into account all such discounts, settlements and forgiveness, the total outstanding Loans will not exceed the Credit Limit.

4.7 Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly determine the reason for such return and promptly issue a credit memorandum to the Account Debtor in the appropriate amount. In the event any attempted return occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for WOOD, and immediately notify WOOD of the return of the Inventory.

4.8 Verification. WOOD may, from time to time, verify directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, by means of mail, telephone or otherwise, either in the name of Borrower or WOOD or such other name as WOOD may choose.

4.9 No Liability. WOOD shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall WOOD be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve WOOD from liability for its own gross negligence or willful misconduct.

5. ADDITIONAL DUTIES AND COVENANTS OF BORROWER.

5.1 Financial and Other Covenants. Borrower shall at all times comply with the financial and other covenants set forth in the Schedule.

5.2 Insurance. Borrower shall, at all times insure all of the tangible personal property Collateral and carry such other business insurance, with insurers reasonably acceptable to WOOD, in such form and amounts as WOOD may reasonably require and as are customary and in accordance with standard practices for Borrower's industry and locations, and Borrower shall provide evidence of such insurance to WOOD. All such insurance policies shall name WOOD as an additional loss payee, and shall contain a lenders loss payee endorsement in form reasonably acceptable to WOOD. Upon receipt of the proceeds of any such insurance, subject to the rights of the Senior Lender, WOOD shall apply such proceeds in reduction of the Obligations as WOOD shall determine in its good faith business judgment, except that, provided no Default or Event of Default has occurred and is continuing, WOOD shall release to Borrower insurance proceeds with respect to Equipment totaling less than \$100,000, which shall be utilized by Borrower for the replacement of the Equipment with respect to which the insurance proceeds were paid. WOOD may require reasonable assurance that the insurance proceeds so released will be so used. If Borrower fails to provide or pay for any insurance, WOOD may, but is not obligated to, obtain the same at Borrower's expense. Borrower shall promptly deliver to WOOD copies of all material reports made to insurance companies.

5.3 Reports. Borrower, at its expense, shall provide WOOD with the written reports set forth in the Schedule, and such other written reports with respect to Borrower (including budgets, projections, operating plans and other financial documentation), as WOOD shall from time to time specify in its good faith business judgment.

5.4 Access to Collateral, Books and Records. At reasonable times, and on one Business Day's notice, WOOD, or its agents, shall have the right to inspect the Collateral, and the right to audit and copy Borrower's books and records. The foregoing inspections and audits shall be at Borrower's expense and the charge therefor shall be \$750 per person per day (or such higher amount as shall represent WOOD's then current standard charge for the same), plus reasonable out-of-pocket expenses. Notwithstanding the foregoing, if no Default or Event of Default has occurred and is continuing, Borrower shall not be required to disclose to WOOD any document or information (i) where disclosure is prohibited by applicable law or any agreement binding on Borrower, or (ii) is subject to attorney-client or similar privilege or constitutes attorney work product. If Borrower is withholding any information under the preceding sentence, it shall so advise WOOD in writing, giving WOOD a general description of the nature of the information withheld.

5.5 Negative Covenants. Except as may be permitted in the Schedule, Borrower shall not, without WOOD's prior written consent (which shall be a matter of its good faith business judgment and shall be conditioned on Borrower then being in compliance with the terms and conditions of this Agreement), do any of the following:

- (i) permit or suffer any Change in Control;
- (ii) acquire any assets, except in the ordinary course of business, or make any Investments other than Permitted Investments;
- (iii) enter into any other transaction outside the ordinary course of business;
- (iv) sell or transfer any Collateral (including without limitation and sale or transfer of Collateral which is then leased back by Borrower), except for (A) the sale of finished Inventory in the ordinary course of Borrower's business, and except for the sale of obsolete or unneeded Equipment in the ordinary course of business, (B) the making of Permitted Investments, (C) the granting of Permitted Liens, and (D) the non-exclusive licensing of Intellectual Property in the ordinary course of business;
- (v) store any Inventory or other Collateral with any warehouseman or other third party, unless there is in place a bailee agreement in such form as WOOD shall specify in its good faith business judgment;
- (vi) sell any Inventory on a sale-or-return, guaranteed sale, consignment, or other contingent basis;
- (vii) make any loans of any money or other assets, other than Permitted Investments;

(viii) incur any Indebtedness, other than Permitted Indebtedness;

(ix) guarantee or otherwise become liable with respect to the obligations of another party or entity;

(x) pay or declare any dividends on Borrower's stock (except for dividends payable solely in stock of Borrower);

(xi) redeem, retire, purchase or otherwise acquire, directly or indirectly, any of Borrower's stock, except as required in the ordinary course of business and consistent with past practice in connection with redeeming or purchasing stock of departing employees, up to a maximum aggregate of \$100,000 in any fiscal year;

(xii) engage, directly or indirectly, in any business other than the businesses currently engaged in by Borrower or reasonably related thereto;

(xiii) cause or permit the monthly average account balances of Borrower and its Subsidiaries in all foreign depository accounts to exceed \$250,000 in the aggregate at any time;

(xiv) without at least thirty (30) days prior written notice to WOOD: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than \$10,000 in Borrower's assets or property), (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization; or

(xv) liquidate or dissolve or elect to liquidate or dissolve.

Transactions permitted by the foregoing provisions of this Section are only permitted if no Default or Event of Default would occur as a result of such transaction.

5.6 Litigation Cooperation. Should any third-party suit or proceeding be instituted by or against WOOD with respect to any Collateral or relating to Borrower, Borrower shall, without expense to WOOD, make available Borrower and its officers, employees and agents and Borrower's books and records, to the extent that WOOD may deem them reasonably necessary in order to prosecute or defend any such suit or proceeding.

5.7 Changes. Borrower agrees to promptly notify WOOD in writing of any changes in the information set forth in the Representations.

5.8 Further Assurances. Borrower agrees, at its expense, on request by WOOD, to execute all documents and take all actions, as WOOD, may, in its good faith business judgment, deem necessary or useful in order to perfect and maintain WOOD's perfected first-priority security interest in the Collateral (subject to Permitted Liens), and in order to fully consummate the transactions contemplated by this Agreement.

6. TERM.

6.1 Maturity Date. This Agreement shall continue in effect until the maturity date set forth on the Schedule (the "Maturity Date"), subject to Sections 6.2 and 6.3 below.

6.2 Early Termination. This Agreement may be terminated prior to the Maturity Date as follows: (i) by Borrower, effective three Business Days after written notice of termination is given to WOOD; or (ii) by WOOD at any time after the occurrence and during the continuance of an Event of Default, without notice, effective immediately.

6.3 Payment of Obligations. On the Maturity Date or on any earlier effective date of termination, Borrower shall pay and perform in full all Obligations, whether evidenced by installment notes or otherwise, and whether or not all or any part of such Obligations are otherwise then due and payable. Notwithstanding any termination of this Agreement, all of WOOD's security interests in all of the Collateral and all of the terms and provisions of this Agreement shall continue in full force and effect until all Obligations have been paid and performed in full; provided that WOOD may, in its sole discretion, refuse to make any further Loans after termination. No termination shall in any way affect or impair any right or remedy of WOOD, nor shall any such termination relieve Borrower of any Obligation to WOOD, until all of the Obligations have been paid and performed in full. Upon payment and performance in full of all the Obligations and termination of this Agreement, WOOD shall promptly terminate its financing statements with respect to the Borrower and deliver to Borrower such other documents as may be required to fully terminate WOOD's security interests.

7. EVENTS OF DEFAULT AND REMEDIES.

7.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Agreement, and Borrower shall give WOOD immediate written notice thereof:

(a) Any warranty, representation, statement, report or certificate made or delivered to WOOD by Borrower or any of Borrower's officers, employees or agents, now or in the future, shall be untrue or misleading in a material respect when made or deemed to be made; or

(b) Borrower shall fail to pay any Loan or any interest thereon or any other monetary Obligation within three Business Days after the date due; or

(c) the total Loans and other Obligations outstanding at any time shall exceed the Credit Limit; or

(d) Borrower shall fail to comply with any of the financial covenants set forth in the Schedule, or shall breach any of the provisions of Section 5.5 hereof, or shall fail to perform any other non-monetary Obligation which by its nature cannot be cured, or shall fail to permit WOOD to conduct an inspection or audit as provided in Section 5.4 hereof or shall fail to provide WOOD with a borrowing base report under Section 6 of the Schedule within one Business Day after the date due; or

(e) Borrower shall fail to perform any other non-monetary Obligation, which failure is not cured within five Business Days after the date due; or

(f) any levy, assessment, attachment, seizure, lien or encumbrance (other than a Permitted Lien) is made on all or any part of the Collateral which is not cured within 10 Business Days after the occurrence of the same; or

(g) any default or event of default occurs under any obligation secured by a Permitted Lien, which is not cured within any applicable cure period or waived in writing by the holder of the Permitted Lien; or

(h) Borrower breaches any material contract or obligation, which has resulted or may reasonably be expected to result in a Material Adverse Change; or

(i) Dissolution, termination of existence, insolvency or business failure of Borrower; or appointment of a receiver, trustee or custodian, for all or any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding by Borrower under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect, or Borrower shall generally not pay its debts as they become due, or Borrower shall conceal, remove or transfer any part of its property, with intent to hinder, delay or defraud its creditors, or make or suffer any transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or

(j) the commencement of any proceeding against Borrower or any guarantor of any of the Obligations under any reorganization, bankruptcy, insolvency, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, now or in the future in effect, which is not cured by the dismissal thereof within 45 days after the date commenced; or

(k) revocation or termination of, or limitation or denial of liability upon, any guaranty of the Obligations or any attempt to do any of the foregoing, or commencement of proceedings by any guarantor of any of the Obligations under any bankruptcy or insolvency law; or

(l) revocation or termination of, or limitation or denial of liability upon, any pledge of any certificate of deposit, securities or other property or asset of any kind pledged by any third party to secure any or all of the Obligations, or any attempt to do any of the foregoing, or commencement of proceedings by or against any such third party under any bankruptcy or insolvency law; or

(m) Borrower makes any payment on account of any indebtedness or obligation which has been subordinated to the Obligations (other than as permitted in the applicable subordination agreement), or if any Person who has subordinated such indebtedness or obligations terminates or in any way limits his subordination agreement; or

(n) a Material Adverse Change shall occur.

WOOD may cease making any Loans hereunder during any of the cure periods provided above, and thereafter if an Event of Default has occurred and is continuing.

7.2 Remedies. Upon the occurrence and during the continuance of any Event of Default, and at any time thereafter, WOOD, at its option, and without notice or demand of any kind (all of which are hereby expressly waived by Borrower), may do any one or more of the following: (a) Cease making Loans or otherwise extending credit to Borrower under this Agreement or any other Loan Document; (b) Accelerate and declare all or any part of the Obligations to be immediately due, payable, and performable, notwithstanding any deferred or installment payments allowed by any instrument evidencing or relating to any Obligation; (c) Take possession of any or all of the Collateral wherever it may be found, and for that purpose Borrower hereby authorizes WOOD without judicial process to enter onto any of Borrower's premises without interference to search for,

take possession of, keep, store, or remove any of the Collateral, and remain on the premises or cause a custodian to remain on the premises in exclusive control thereof, without charge for so long as WOOD deems it necessary, in its good faith business judgment, in order to complete the enforcement of its rights under this Agreement or any other agreement; provided, however, that should WOOD seek to take possession of any of the Collateral by court process, Borrower hereby irrevocably waives: (i) any bond and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that WOOD retain possession of, and not dispose of, any such Collateral until after trial or final judgment; (d) Require Borrower to assemble any or all of the Collateral and make it available to WOOD at places designated by WOOD which are reasonably convenient to WOOD and Borrower, and to remove the Collateral to such locations as WOOD may deem advisable; (e) Complete the processing, manufacturing or repair of any Collateral prior to a disposition thereof and, for such purpose and for the purpose of removal, WOOD shall have the right to use Borrower's premises, vehicles, hoists, lifts, cranes, and other Equipment and all other property without charge; (f) Sell, lease or otherwise dispose of any of the Collateral, in its condition at the time WOOD obtains possession of it or after further manufacturing, processing or repair, at one or more public and/or private sales, in lots or in bulk, for cash, exchange or other property, or on credit, and to adjourn any such sale from time to time without notice other than oral announcement at the time scheduled for sale. WOOD shall have the right to conduct such disposition on Borrower's premises without charge, for such time or times as WOOD deems reasonable, or on WOOD's premises, or elsewhere and the Collateral need not be located at the place of disposition. WOOD may directly or through any affiliated company purchase or lease any Collateral at any such public disposition, and if permissible under applicable law, at any private disposition. Any sale or other disposition of Collateral shall not relieve Borrower of any liability Borrower may have if any Collateral is defective as to title or physical condition or otherwise at the time of sale; (g) Demand payment of, and collect any Accounts and General Intangibles comprising Collateral and, in connection therewith, Borrower irrevocably authorizes WOOD to endorse or sign Borrower's name on all collections, receipts, instruments and other documents, to take possession of and open mail addressed to Borrower and remove therefrom payments made with respect to any item of the Collateral or proceeds thereof, and, in WOOD's good faith business judgment, to grant extensions of time to pay, compromise claims and settle Accounts and the like for less than face value; (h) Exercise any and all rights under any present or future control agreements relating to Deposit Accounts or Investment Property; and (i) Demand and receive possession of any of Borrower's federal and state income tax returns and the books and records utilized in the preparation thereof or referring thereto. All reasonable attorneys' fees, expenses, costs, liabilities and obligations incurred by WOOD with respect to the foregoing shall be added to and become part of the Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. Without limiting any of WOOD's rights and remedies, from and after the occurrence and during the continuance of any Event of Default, the interest rate applicable to the Obligations shall be increased by an additional four percent per annum (the "Default Rate").

7.3 Standards for Determining Commercial Reasonableness. Borrower and WOOD agree that a sale or other disposition (collectively, "sale") of any Collateral which complies with the following standards will conclusively be deemed to be commercially reasonable: (i) Notice of the sale is given to Borrower at least ten days prior to the sale, and, in the case of a public sale, notice of the sale is published at least five days before the sale in a newspaper of general circulation in the county where the sale is to be conducted; (ii) Notice of the sale describes the collateral in general, non-specific terms; (iii) The sale is conducted at a place designated by WOOD, with or without the Collateral being present; (iv) The sale commences at any time between 8:00 a.m. and 6:00 p.m.; (v) Payment of the purchase price in cash or by cashier's check or wire transfer is required; (vi) With respect to any sale of any of the Collateral, WOOD may (but is not obligated to) direct any prospective purchaser to ascertain directly from Borrower any and all information concerning the same. WOOD shall be free to employ other methods of noticing and selling the Collateral, in its discretion, if they are commercially reasonable.

7.4 Power of Attorney. Upon the occurrence and during the continuance of any Event of Default, without limiting WOOD's other rights and remedies, Borrower grants to WOOD an irrevocable power of attorney coupled with an interest, authorizing and permitting WOOD (acting through any of its employees, attorneys or agents) at any time, at its option, but without obligation, with or without notice to Borrower, and at Borrower's expense, to do any or all of the following, in Borrower's name or otherwise, but WOOD agrees that if it exercises any right hereunder, it will do so in good faith and in a commercially reasonable manner: (a) Execute on behalf of Borrower any documents that WOOD may, in its good faith business judgment, deem advisable in order to perfect and maintain WOOD's security interest in the Collateral, or in order to exercise a right of Borrower or WOOD, or in order to fully consummate all the transactions contemplated under this Agreement, and all other Loan Documents; (b) Execute on behalf of Borrower, any invoices relating to any Account, any draft against any Account Debtor and any notice to any Account Debtor, any proof of claim in bankruptcy, any Notice of Lien, claim of mechanic's, materialman's or other lien, or assignment or satisfaction of mechanic's, materialman's or other lien; (c) Take control in any manner of any cash or non-cash items of payment or proceeds of Collateral; endorse the name of Borrower upon any instruments, or documents, evidence of payment or Collateral that may come into WOOD's possession; (d) Endorse all checks and other forms of remittances received by WOOD; (e) Pay, contest or settle any lien, charge,

encumbrance, security interest and adverse claim in or to any of the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (f) Grant extensions of time to pay, compromise claims and settle Accounts and General Intangibles for less than face value and execute all releases and other documents in connection therewith; (g) Pay any sums required on account of Borrower's taxes or to secure the release of any liens therefor, or both; (h) Settle and adjust, and give releases of, any insurance claim that relates to any of the Collateral and obtain payment therefor; (i) Instruct any third party having custody or control of any books or records belonging to, or relating to, Borrower to give WOOD the same rights of access and other rights with respect thereto as WOOD has under this Agreement; and (j) Take any action or pay any sum required of Borrower pursuant to this Agreement and any other Loan Documents. Any and all reasonable sums paid and any and all reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by WOOD with respect to the foregoing shall be added to and become part of the Obligations, shall be payable on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations. In no event shall WOOD's rights under the foregoing power of attorney or any of WOOD's other rights under this Agreement be deemed to indicate that WOOD is in control of the business, management or properties of Borrower.

7.5 Application of Proceeds. All proceeds realized as the result of any sale of the Collateral shall be applied by WOOD first to the reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by WOOD in the exercise of its rights under this Agreement, second to the interest due upon any of the Obligations, and third to the principal of the Obligations, in such order as WOOD shall determine in its sole discretion. Any surplus shall be paid to Borrower or other persons legally entitled thereto; Borrower shall remain liable to WOOD for any deficiency. If, WOOD, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, WOOD shall have the option, exercisable at any time, in its good faith business judgment, of either reducing the Obligations by the principal amount of purchase price or deferring the reduction of the Obligations until the actual receipt by WOOD of the cash therefor.

7.6 Remedies Cumulative. In addition to the rights and remedies set forth in this Agreement, WOOD shall have all the other rights and remedies accorded a secured party under the Code and under all other applicable laws, and under any other instrument or agreement now or in the future entered into between WOOD and Borrower, and all of such rights and remedies are cumulative and none is exclusive. Exercise or partial exercise by WOOD of one or more of its rights or remedies shall not be deemed an election, nor bar WOOD from subsequent exercise or partial exercise of any other rights or remedies. The failure or delay of WOOD to exercise any rights or remedies shall not operate as a waiver thereof, but all rights and remedies shall continue in full force and effect until all of the Obligations have been fully paid and performed.

8. DEFINITIONS. As used in this Agreement, the following terms have the following meanings:

"Account Debtor" means the obligor on an Account.

"Accounts" means all present and future "accounts" as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all accounts receivable and other sums owing to Borrower.

"Affiliate" means, with respect to any Person, a relative, partner, shareholder, director, officer, or employee of such Person, or any parent or Subsidiary of such Person, or any Person controlling, controlled by or under common control with such Person.

"Business Day" means a day on which WOOD is open for business.

"Change in Control" means any event, transaction, or occurrence as a result of which (a) any "person" (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of Borrower, is or becomes a beneficial owner (within the meaning Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Borrower, representing thirty-five percent (35%) or more of the combined voting power of Borrower's then outstanding securities; or (b) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the Board of Directors of Borrower (together with any new directors whose election by the Board of Directors of Borrower was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office.

"Code" means the Uniform Commercial Code as adopted and in effect in the State of California from time to time.

"Collateral" has the meaning set forth in Section 2 above.

“continuing” and “during the continuance of” when used with reference to a Default or Event of Default means that the Default or Event of Default has occurred and has not been either waived in writing by WOOD or cured within any applicable cure period.

“Default” means any event which with notice or passage of time or both, would constitute an Event of Default.

“Default Rate” has the meaning set forth in Section 7.2 above.

“Deposit Accounts” means all present and future “deposit accounts” as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all general and special bank accounts, demand accounts, checking accounts, savings accounts and certificates of deposit.

“Eligible Accounts” means Accounts and General Intangibles arising in the ordinary course of Borrower's business from the sale of goods or the rendition of services, or the non-exclusive licensing of Intellectual Property, which are specified in Borrower's balance sheet presented from time to time to WOOD, which balance sheet shall comply with Section 3.7 hereof. Without limiting the fact that the determination of whether such Accounts and General Intangibles are eligible for borrowing is a matter of WOOD's good faith business determination that such Accounts and General Intangibles, as presented by Borrower in its balance sheet, complies with Section 3.7, the following (the “Minimum Eligibility Requirements”) are the minimum requirements for an Account to be an Eligible Account:

(i) the Account must not represent progress billings, or be due under a fulfillment or requirements contract with the Account Debtor,

(ii) the Account must not be subject to any contingencies (including Accounts arising from sales on consignment, guaranteed sale or other terms pursuant to which payment by the Account Debtor may be conditional),

(iii) the Account must not be owing from an Account Debtor with whom Borrower has any dispute (whether or not relating to the particular Account),

(iv) the Account must not be owing from an Affiliate of Borrower, and

(v) the Account must not be owing from an Account Debtor which is subject to any insolvency or bankruptcy proceeding, or whose financial condition is not acceptable to WOOD, or which, fails or goes out of a material portion of its business.

“Eligible Inventory” means Inventory specified in Borrower's balance sheet presented from time to time to WOOD, which balance sheet shall comply with Section 3.7 hereof. Without limiting the fact that the determination of which Inventory is eligible for borrowing is a matter of WOOD's good faith business determination that such Inventory, as presented by Borrower, complies with Section 3.7, the following are the minimum requirements for Inventory to be Eligible Inventory:

(i) the Inventory must conform in all respects to the warranties and representations set forth in this Agreement;

(ii) the Inventory must be at all times subject to WOOD's duly perfected, first priority security interest (subject only to the security interest of the Senior Lender); and

(iii) the Inventory must be situated at Borrower's Address, at one of the locations set forth in the Representations or on temporary loan to potential customers at their locations in the ordinary course of business.

“Equipment” means all present and future “equipment” as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

“Event of Default” means any of the events set forth in Section 7.1 of this Agreement.

“GAAP” means generally accepted accounting principles consistently applied.

“General Intangibles” means all present and future “general intangibles” as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all Intellectual Property, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

“good faith business judgment” means honesty in fact and good faith (as defined in Section 1201 of the Code) in the exercise of WOOD’s business judgment.

“including” means including (but not limited to).

“Indebtedness” means (a) indebtedness for borrowed money or the deferred purchase price of property or services (other than trade payables arising in the ordinary course of business), (b) obligations evidenced by bonds, notes, debentures or other similar instruments, (c) reimbursement obligations in connection with letters of credit, and (d) capital lease obligations.

“Intellectual Property” means all present and future: (a) copyrights, copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished, (b) trade secret rights, including all rights to unpatented inventions and know-how, and confidential information; (c) mask work or similar rights available for the protection of semiconductor chips; (d) patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same; (e) trademarks, servicemarks, trade styles, and trade names, whether or not any of the foregoing are registered, and all applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by any such trademarks; (f) computer software and computer software products; (g) designs and design rights; (h) technology; (i) all claims for damages by way of past, present and future infringement of any of the rights included above; and (j) all licenses or other rights to use any property or rights of a type described above.

“Inventory” means all present and future “inventory” as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower’s custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

“Investment” means any beneficial ownership interest in any Person (including any stock, partnership interest or other equity or debt securities issued by any Person), and any loan, advance or capital contribution to any Person.

“Investment Property” means all present and future investment property, securities, stocks, bonds, debentures, debt securities, partnership interests, limited liability company interests, options, security entitlements, securities accounts, commodity contracts, commodity accounts, and all financial assets held in any securities account or otherwise, and all options and warrants to purchase any of the foregoing, wherever located, and all other securities of every kind, whether certificated or uncertificated.

“Loan Documents” means, collectively, this Agreement, the Representations, and all other present and future documents, instruments and agreements between WOOD and Borrower, including, but not limited to those relating to this Agreement, and all amendments and modifications thereto and replacements therefor.

“Material Adverse Change” means any of the following: (i) a material adverse change in the business, operations, or financial or other condition of the Borrower, or (ii) a material impairment of the prospect of repayment of any portion of the Obligations; or (iii) a material impairment of the value or priority of WOOD’s security interests in the Collateral.

“Minimum Eligibility Requirements” is defined in the definition of “Eligible Accounts” above.

“Obligations” means all present and future Loans, advances, debts, liabilities, obligations, guaranties, covenants, duties and indebtedness at any time owing by Borrower to WOOD, whether evidenced by this Agreement or any note or other instrument or document, or otherwise, whether arising from an extension of credit, opening of a letter of credit, banker's acceptance, loan, guaranty, indemnification or otherwise, whether direct or indirect (including, without limitation, those acquired by assignment and any participation by WOOD in Borrower's debts owing to others), absolute or contingent, due or to become due, including, without limitation, all interest, charges, expenses, fees, attorney's fees, expert witness fees, audit fees, collateral monitoring fees, closing fees, facility fees, termination fees, minimum interest charges and any other sums chargeable to Borrower under this Agreement or under any other Loan Documents.

“Other Property” means the following as defined in the California Uniform Commercial Code in effect on the date hereof with such additions to such term as may hereafter be made, and all rights relating thereto: all present and future “commercial tort claims” (including without limitation any commercial tort claims identified in the Representations), “documents”, “instruments”, “promissory notes”, “chattel paper”, “letters of credit”, “letter-of-credit rights”, “fixtures”, “farm products” and “money”; and all other goods and personal property of every kind, tangible and intangible, whether or not governed by the California Uniform Commercial Code.

“Payment” means all checks, wire transfers and other items of payment received by WOOD for credit to Borrower’s outstanding Obligations.

"Permitted Indebtedness" means

- (i) the Loans and other Obligations; and
- (ii) Indebtedness existing on the date hereof and shown on Exhibit A hereto;
- (iii) Subordinated Debt;
- (iv) Indebtedness owing to Senior Lender not to exceed the Senior Debt Limit specified in the Schedule;
- (v) other Indebtedness secured by Permitted Liens;
- (vi) trade debt incurred in the ordinary course of business and consistent with historical levels; and

(vi) reimbursement obligations in respect of letters of credit in an aggregate face amount outstanding not to exceed \$300,000 at any time outstanding, which has been reported to WOOD in writing, and, in the case of reimbursement obligations to the Senior Lender in respect of letters of credit which do not exceed the Senior Debt Limit (taking into account all other Indebtedness to Senior Lender).

"Permitted Investments" are:

- (i) Investments (if any) shown on the Exhibit A and existing on the date hereof;
- (ii) marketable direct obligations issued or unconditionally guaranteed by the United States or its agency or any State maturing within 1 year from its acquisition;
- (iii) commercial paper maturing no more than 1 year after its creation and having the highest rating from either Standard & Poor's Corporation or Moody's Investors Service, Inc; and
- (iv) bank certificates of deposit issued maturing no more than 1 year after issue.

"Permitted Liens" means the following:

- (i) purchase money security interests in specific items of Equipment;
- (ii) leases of specific items of Equipment;
- (iii) liens for taxes not yet payable;
- (iv) additional security interests and liens consented to in writing by WOOD, which consent may be withheld in its good faith business judgment. WOOD will have the right to require, as a condition to its consent under this subparagraph (iv), that the holder of the additional security interest or lien sign an intercreditor agreement on WOOD's then standard form, acknowledge that the security interest is subordinate to the security interest in favor of WOOD, and agree not to take any action to enforce its subordinate security interest so long as any Obligations remain outstanding, and that Borrower agrees that any uncured default in any obligation secured by the subordinate security interest shall also constitute an Event of Default under this Agreement;
- (v) security interests being terminated substantially concurrently with this Agreement;
- (vi) liens of materialmen, mechanics, warehousemen, carriers, or other similar liens arising in the ordinary course of business and securing obligations which are not delinquent;
- (vii) liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by liens of the type described above in clauses (i) or (ii) above, provided that any extension, renewal or replacement lien is limited to the property encumbered by the existing lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;
- (viii) liens in favor of customs and revenue authorities which secure payment of customs duties in connection with the importation of goods;
- (ix) statutory, common law or contractual liens of depository institutions or institutions holding securities account (including rights of set-off) securing only customary charges and fees in connection with such accounts; and
- (x) liens in favor of Senior Lender securing an amount not in excess of the Senior Debt Limit.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, government, or any agency or political division thereof, or any other entity. .

“Representations” means the written Representations and Warranties provided by Borrower to WOOD referred to in the Schedule.

“Reserves” means, as of any date of determination, such amounts as WOOD may from time to time establish and revise in its good faith business judgment, reducing the amount of Loans, and other financial accommodations which would otherwise be available to Borrower under the lending formula(s) provided in the Schedule: (a) to reflect events, conditions, contingencies or risks which, as determined by WOOD in its good faith business judgment, do or may adversely affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets, business or prospects of Borrower or any Guarantor, or (iii) the security interests and other rights of WOOD in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect WOOD's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any Guarantor to WOOD is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which WOOD determines in good faith constitutes a Default or an Event of Default.

“Senior Lender”, subject to Section 8(a)(1) of the Schedule, has the meaning set forth in Section 8 of the Schedule and “Senior Debt” means the obligations of Borrower to the Senior Lender arising under the Senior Loan Documents (as defined in Section 8 of the Schedule).

“Subordinated Debt” means debt incurred by Borrower subordinated to Borrower's debt to WOOD (pursuant to a subordination agreement entered into between WOOD, Borrower and the subordinated creditor), on terms acceptable to WOOD in its absolute discretion.

“Subsidiary” means, with respect to any Person, any Person of which more than 50% of the voting stock or other equity interests is owned or controlled, directly or indirectly, by such Person or one or more Affiliates of such Person.

Other Terms. All accounting terms used in this Agreement, unless otherwise indicated, shall have the meanings given to such terms in accordance with GAAP, consistently applied. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code, to the extent such terms are defined therein.

9. GENERAL PROVISIONS.

9.1 Confidentiality. WOOD agrees to use the same degree of care that it exercises with respect to its own proprietary information, to maintain the confidentiality of any and all proprietary, trade secret or confidential information provided to or received by WOOD from the Borrower, which indicates that it is confidential, including business plans and forecasts, non-public financial information, confidential or secret processes, formulae, devices and contractual information, customer lists, and employee relation matters, provided that WOOD may disclose such information (i) to its officers, directors, employees, attorneys, accountants, affiliates, participants, prospective participants, assignees and prospective assignees, and such other Persons to whom WOOD shall at any time be required to make such disclosure in accordance with applicable law or legal process, and (ii) in its good faith business judgment in connection with the enforcement of its rights or remedies after an Event of Default, or in connection with any dispute with Borrower or any other Person relating to Borrower. The confidentiality agreement in this Section supersedes any prior confidentiality agreement of WOOD relating to Borrower.

9.2 Interest Computation. In computing interest on the Obligations, all Payments received after 12:00 Noon, Pacific Time, on any day shall be deemed received on the next Business Day.

9.3 Payments. All Payments may be applied, and in WOOD's good faith business judgment reversed and re-applied, to the Obligations, in such order and manner as WOOD shall determine in its good faith business judgment.

9.4 Charges to Accounts. WOOD may, in its discretion, require that Borrower pay monetary Obligations in cash to WOOD, or charge them to Borrower's Loan account, in which event they will bear interest at the same rate applicable to the Loans.

9.5 Monthly Accountings. WOOD shall provide Borrower monthly with an account of advances, charges, expenses and payments made pursuant to this Agreement. Such account shall be deemed correct, accurate and binding on Borrower and an account stated (except for reverses and reapplications of payments made and corrections of errors discovered by WOOD), unless Borrower notifies WOOD in writing to the contrary within 60 days after such account is rendered, describing the nature of any alleged errors or omissions.

9.6 Notices. All notices to be given under this Agreement shall be in writing and shall be given either personally, or by reputable private delivery service, or by regular first-class mail, or certified mail return receipt requested, or by fax to the most recent fax number a party has for the other party (and if by fax, sent concurrently by one of the other methods provided herein), addressed to WOOD or Borrower at the addresses shown in the heading to this Agreement, or at any other address

designated in writing by one party to the other party. All notices shall be deemed to have been given upon delivery in the case of notices personally delivered, or at the expiration of one Business Day following delivery to the private delivery service, or two Business Days following the deposit thereof in the United States mail, with postage prepaid, or on the first business day of receipt during business hours in the case of notices sent by fax, as provided herein.

9.7 Severability. Should any provision of this Agreement be held by any court of competent jurisdiction to be void or unenforceable, such defect shall not affect the remainder of this Agreement, which shall continue in full force and effect.

9.8 Integration. This Agreement and such other written agreements, documents and instruments as may be executed in connection herewith are the final, entire and complete agreement between Borrower and WOOD and supersede all prior and contemporaneous negotiations and oral representations and agreements, all of which are merged and integrated in this Agreement. There are no oral understandings, representations or agreements between the parties which are not set forth in this Agreement or in other written agreements signed by the parties in connection herewith.

9.9 Waivers; Indemnity. The failure of WOOD at any time or times to require Borrower to strictly comply with any of the provisions of this Agreement or any other Loan Document shall not waive or diminish any right of WOOD later to demand and receive strict compliance therewith. Any waiver of any default shall not waive or affect any other default, whether prior or subsequent, and whether or not similar. None of the provisions of this Agreement or any other Loan Document shall be deemed to have been waived by any act or knowledge of WOOD or its agents or employees, but only by a specific written waiver signed by an authorized officer of WOOD and delivered to Borrower. Borrower waives the benefit of all statutes of limitations relating to any of the Obligations or this Agreement or any other Loan Document, and Borrower waives demand, protest, notice of protest and notice of default or dishonor, notice of payment and nonpayment, release, compromise, settlement, extension or renewal of any commercial paper, instrument, account, General Intangible, document or guaranty at any time held by WOOD on which Borrower is or may in any way be liable, and notice of any action taken by WOOD, unless expressly required by this Agreement. Borrower hereby agrees to indemnify WOOD and its affiliates, subsidiaries, parent, directors, officers, employees, agents, and attorneys, and to hold them harmless from and against any and all claims, debts, liabilities, demands, obligations, actions, causes of action, penalties, costs and expenses (including reasonable attorneys' fees), of every kind, which they may sustain or incur based upon or arising out of any of the Obligations, or any relationship or agreement between WOOD and Borrower, or any other matter, relating to Borrower or the Obligations; provided that this indemnity shall not extend to damages proximately caused by the indemnitee's own gross negligence or willful misconduct. Notwithstanding any provision in this Agreement to the contrary, the indemnity agreement set forth in this Section shall survive any termination of this Agreement and shall for all purposes continue in full force and effect.

9.10 No Liability for Ordinary Negligence. Neither WOOD, nor any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing WOOD shall be liable for any claims, demands, losses or damages, of any kind whatsoever, made, claimed, incurred or suffered by Borrower or any other party through the ordinary negligence of WOOD, or any of its directors, officers, employees, agents, attorneys or any other Person affiliated with or representing WOOD, but nothing herein shall relieve WOOD from liability for its own gross negligence or willful misconduct.

9.11 Amendment. The terms and provisions of this Agreement may not be waived or amended, except in a writing executed by Borrower and a duly authorized officer of WOOD.

9.12 Time of Essence. Time is of the essence in the performance by Borrower of each and every obligation under this Agreement.

9.13 Attorneys Fees and Costs. Borrower shall reimburse WOOD for all reasonable attorneys' fees and all filing, recording, search, title insurance, appraisal, audit, and other reasonable costs incurred by WOOD, pursuant to, or in connection with, or relating to this Agreement (whether or not a lawsuit is filed), including, but not limited to, any reasonable attorneys' fees and costs WOOD incurs in order to do the following: prepare and negotiate this Agreement and all present and future documents relating to this Agreement; obtain legal advice in connection with this Agreement or Borrower; enforce, or seek to enforce, any of its rights; prosecute actions against, or defend actions by, Account Debtors; commence, intervene in, or defend any action or proceeding; initiate any complaint to be relieved of the automatic stay in bankruptcy; file or prosecute any probate claim, bankruptcy claim, third-party claim, or other claim; examine, audit, copy, and inspect any of the Collateral or any of Borrower's books and records; protect, obtain possession of, lease, dispose of, or otherwise enforce WOOD's security interest in, the Collateral; and otherwise represent WOOD in any litigation relating to Borrower. If either WOOD or Borrower files any lawsuit against the other predicated on a breach of this Agreement, the prevailing party in such action shall be entitled to recover its reasonable costs and attorneys' fees, including (but not limited to) reasonable attorneys' fees and costs incurred in the enforcement of, execution upon or defense of any order, decree, award or judgment. All attorneys' fees and costs to which WOOD may be entitled pursuant to this Paragraph shall immediately become part of Borrower's

Obligations, shall be due on demand, and shall bear interest at a rate equal to the highest interest rate applicable to any of the Obligations.

9.14 Benefit of Agreement. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, beneficiaries and representatives of Borrower and WOOD; provided, however, that Borrower may not assign or transfer any of its rights under this Agreement without the prior written consent of WOOD, and any prohibited assignment shall be void. No consent by WOOD to any assignment shall release Borrower from its liability for the Obligations.

9.15 Joint and Several Liability. If Borrower consists of more than one Person, their liability shall be joint and several, and the compromise of any claim with, or the release of, any Borrower shall not constitute a compromise with, or a release of, any other Borrower.

9.16 Limitation of Actions. Any claim or cause of action by Borrower against WOOD, its directors, officers, employees, agents, accountants or attorneys, based upon, arising from, or relating to this Loan Agreement, or any other Loan Document, or any other transaction contemplated hereby or thereby or relating hereto or thereto, or any other matter, cause or thing whatsoever, occurred, done, omitted or suffered to be done by WOOD, its directors, officers, employees, agents, accountants or attorneys, shall be barred unless asserted by Borrower by the commencement of an action or proceeding in a court of competent jurisdiction by (a) the filing of a complaint within one year after the earlier to occur of (i) the first act, occurrence or omission upon which such claim or cause of action, or any part thereof, is based, or (ii) the date this Agreement is terminated, and (b) the service of a summons and complaint on an officer of WOOD, or on any other person authorized to accept service on behalf of WOOD, within thirty (30) days thereafter. Borrower agrees that such one-year period is a reasonable and sufficient time for Borrower to investigate and act upon any such claim or cause of action. The one-year period provided herein shall not be waived, tolled, or extended except by the written consent of WOOD in its sole discretion. This provision shall survive any termination of this Loan Agreement or any other Loan Document.

9.17 Paragraph Headings; Construction. Paragraph headings are only used in this Agreement for convenience. Borrower and WOOD acknowledge that the headings may not describe completely the subject matter of the applicable paragraph, and the headings shall not be used in any manner to construe, limit, define or interpret any term or provision of this Agreement. This Agreement has been fully reviewed and negotiated between the parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against WOOD or Borrower under any rule of construction or otherwise.

9.18 Governing Law; Jurisdiction; Venue. This Agreement and all acts and transactions hereunder and all rights and obligations of WOOD and Borrower shall be governed by the laws of the State of California. As a material part of the consideration to WOOD to enter into this Agreement, Borrower (i) agrees that all actions and proceedings relating directly or indirectly to this Agreement shall, at WOOD's option, be litigated in courts located within California, and that the exclusive venue therefor shall be San Francisco County; (ii) consents to the jurisdiction and venue of any such court and consents to service of process in any such action or proceeding by personal delivery or any other method permitted by law; and (iii) waives any and all rights Borrower may have to object to the jurisdiction of any such court, or to transfer or change the venue of any such action or proceeding. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH ABOVE, WOOD SHALL SPECIFICALLY HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH WOOD DEEMS NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE WOOD'S RIGHTS AGAINST BORROWER OR ITS PROPERTY.

9.19 Mutual Waiver of Jury Trial. BORROWER AND WOOD EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO, THIS AGREEMENT OR ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN WOOD AND BORROWER, OR ANY CONDUCT, ACTS OR OMISSIONS OF WOOD OR BORROWER OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH WOOD OR BORROWER, IN ALL OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the San Francisco County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in San Francisco County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be

conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the San Francisco County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and order applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to the California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

Borrower:

Job Technologies

By

[Signature]
President or Vice President

By

[Signature]
Secretary or Ass't Secretary

FRANK E. WOOD:

By Frank E. Wood

Name: FRANK E. WOOD

Form Version: - 9
Document Version - 2

Schedule to
Loan and Security Agreement

Borrower: 8e6 Technologies
Address: 828 West Taft Avenue, Orange, California 92865

Date: December 26, 2006

This Schedule forms an integral part of the Loan and Security Agreement between Frank Wood and the above-borrower of even date.

1. CREDIT LIMIT

- (1) (Section 1.1): An amount not to exceed the lesser of (a) or the aggregate at any time outstanding of (b), (c) and (d), below (the "Credit Limit"):
- (a) \$500,000 at any one time outstanding,
-

2. INTEREST.

Interest Rates (Section 1.2):

- (a) A rate equal to the Prime Rate plus 4.0% per month on all borrowings, except borrowings relying upon the Overadvance Advance Rate.
- (b) For borrowings based on the Overadvance Advance Rate, a rate equal to the Prime Rate plus 4.0% per month on all such borrowings.

Interest on all borrowings shall be calculated on the basis of a 360-day year and a year of twelve months of 30 days each for the actual number of days elapsed. Accrued interest for each month shall be payable monthly, on the first day of each month for interest accrued during the prior month. WOOD shall have the right to adjust the rate applicable to amounts outstanding hereunder as and when the Prime Rate changes, but may elect in its sole discretion to reflect any such changes on a monthly basis.

3. FEES (Section 1.4):

Loan Fee: No Loan Fee.

4. MATURITY DATE

(Section 6.1): July 1st, 2007.

5. FINANCIAL COVENANTS

6. REPORTING.

(Section 5.3):

Borrower shall provide WOOD with the following:

- (a) Monthly borrowing base report, in such form as WOOD shall specify, within 20 days after the end of each month, and borrowing base reports at such other times as WOOD shall from time to time request in its good faith business judgment.
- (b) At all times there are borrowings outstanding or requested under the Loan Agreement, accounts receivable and accounts payable agings and deferred revenue schedules within 20 days after the end of each month.
- (c) At all times there are borrowings outstanding or requested under the Loan Agreement, monthly inventory reports for Inventory, valued on a consistent basis at the lower of cost or market (in accordance with GAAP) and such other inventory reports as are requested by WOOD in its good faith business judgment, all within 20 days after the end of each month, including, on a quarterly basis, a report detailing the location(s) and values of inventory on loan to customers.
- (d) Monthly unaudited financial statements, as soon as available, and in any event within 30 days after the end of each month.
- (e) Monthly Compliance Certificates, within 30 days after the end of each month, in such form as WOOD shall reasonably specify, signed by the Chief Financial Officer of Borrower, certifying that as of the end of such month Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance

with the financial covenants set forth in this Agreement and such other information as WOOD shall reasonably request.

- (f) Updates to the Representations, as and when required.
- (g) Copies of the Annual field exams, as performed by the Senior Lender and, if not performed by the Senior Lender, as performed by WOOD.
- (h) Annual financial statements, as soon as available, and in any event within 180 days following the end of Borrower's fiscal year, certified by, and with an unqualified opinion of, independent certified public accountants reasonably acceptable to WOOD. If Borrower files a form 10-K with the Securities and Exchange Commission and the same is available within said period through EDGAR, this requirement will be deemed satisfied.
- (i) Copies of all reports and statements provided by Borrower to the Senior Lender at the same time the same are provided to the Senior Lender.

7. BORROWER INFORMATION:

Borrower represents and warrants that the information set forth in the Representations and Warranties of the Borrower dated July 5, 2006, previously submitted to WOOD (the "Representations") is true, accurate, complete and correct as of the date hereof.

8. ADDITIONAL PROVISIONS

- (a) **Senior Lender.**
 - (1) Senior Lender. As used herein, "Senior Lender" is contemplated to mean Silicon Valley Bank, and "Senior Loan Documents" means that certain [Loan and Security Agreement] and related agreements and instruments between Borrower and the Senior Lender of even date with this Loan Agreement
 - (2) Senior Debt Limit. Borrower shall not permit the total Indebtedness of Borrower to Senior Lender to exceed \$2,500,000 at any time outstanding (the "Senior Debt Limit"), including, but not limited to, monies borrowed by Borrower, interest on loans due from Borrower, fees and expenses for which Borrower is obligated, sums

due from Borrower in connection with issuance of commercial letters of credit, issuance of forward contracts for foreign exchange reserve, and any other direct or indirect financial accommodation Senior Lender may provide to Borrower).

- (3) **Senior Loan Documents.** Borrower covenants to provide WOOD with true and complete copies of all existing Senior Loan Documents, and Borrower covenants that it will, in the future, provide WOOD with true and complete copies of any future Senior Loan Documents, including without limitation any amendments to any existing Senior Loan Documents.
- (b) **Deposit Accounts.** Within 30 calendar days from the date hereof, Borrower shall cause the banks and other institutions where its Deposit Accounts are maintained to enter into control agreements with WOOD, in form and substance satisfactory to WOOD in its good faith business judgment and sufficient to perfect WOOD' security interest in said Deposit Accounts, subject to the security interest of the Senior Lender, and if Borrower enters into the Senior Debt Documents prior to the expiry of such 30-day period, Borrower shall cause the Senior Lender to enter into an account control agreement with WOOD concurrent with the closing of the Senior Debt Documents. Said control agreements shall permit WOOD, in its discretion, to withdraw from said Deposit Accounts accrued interest on the Obligations monthly (subject to the rights of the Senior Lender). So long as Borrower is in compliance with the terms and conditions of the Loan Agreement, WOOD will not require control agreements in respect of any of Borrower's foreign depositary accounts.
- (c) **Use of Proceeds.** Borrower covenants to use (and Borrower may pay and authorizes each of the Senior Lender and WOOD to pay) and Borrower may directly pay the indebtedness of Borrower to its officers, directors and shareholders ("Inside Debt") to the persons set forth on Exhibit A hereto on the date hereof and to remit the balance of Borrower's borrowings on the date hereof to Borrower. Borrower shall otherwise use the proceeds of borrowings for general working capital purposes. Borrower is also permitted to repay the said Inside Debt at such times and on such terms as it determines.
- (d) **Subordination of Inside Debt.** Borrower represents and warrants that there is no Inside Debt presently outstanding, except as set forth in Exhibit A hereto. Prior to incurring any

Inside Debt in the future, Borrower shall cause the person to whom such Inside Debt will be owed to execute and deliver to WOOD a subordination agreement on WOOD's standard form.

Borrower:

Feb Technologies

Frank E. Wood

By

[Signature]
President or Vice President

By

Frank E. Wood

By

[Signature]
Secretary or Ass't Secretary

Name:

Frank E. Wood

Form: -9
Document Version -2