

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
HALO Maritime Defense Systems, Inc.		04/18/2013	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	The Linden Trust		
Street Address:	8000 Walton Parkway, Suite 100		
City:	New Albany		
State/Country:	OHIO		
Postal Code:	43054		
Entity Type:	TRUST: NEW YORK		
Composed Of:	<ul style="list-style-type: none"> Abigail Wexner, UNITED STATES, INDIVIDUAL 		
Name:	Peninsula Overview Partners, LLC		
Street Address:	712 Fifth Avenue, 14th Floor		
Internal Address:	c/o Crown Predator Holdings		
City:	New York		
State/Country:	NEW YORK		
Postal Code:	10019		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
Name:	Christopher Tice Peifer		
Street Address:	280 Stanwich Road		
City:	Greenwich		
State/Country:	CONNECTICUT		
Postal Code:	06830		
Entity Type:	INDIVIDUAL: UNITED STATES		
Name:	Stephen Korn		
Street Address:	66 Round A Bend Road		

City:	Tarrytown
State/Country:	NEW YORK
Postal Code:	10591
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Russell Hoffman
Street Address:	1370 Avenue of the Americas, 23rd Floor
Internal Address:	c/o Orange Capital, LLC
City:	New York
State/Country:	NEW YORK
Postal Code:	10019
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Citadel Trust No. 1
Street Address:	1370 Avenue of the Americas, 23rd Floor
Internal Address:	c/o Russell Hoffman; Orange Capital, LLC
City:	New York
State/Country:	NEW YORK
Postal Code:	10019
Entity Type:	TRUST: NEW YORK
Composed Of:	<ul style="list-style-type: none"> • Michael Hoffman, UNITED STATES, INDIVIDUAL

Name:	Citadel Trust No. 2
Street Address:	1370 Avenue of the Americas, 23rd Floor
Internal Address:	c/o Russell Hoffman; Orange Capital, LLC
City:	New York
State/Country:	NEW YORK
Postal Code:	10019
Entity Type:	TRUST: NEW YORK
Composed Of:	<ul style="list-style-type: none"> • Michael Hoffman, UNITED STATES, INDIVIDUAL

Name:	Neil A. Hourihan
Street Address:	301 E. 79th Street, Apt. 9B
City:	New York
State/Country:	NEW YORK
Postal Code:	10075
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Chip Canter
Street Address:	1 Irving Place #V26B

City:	New York
State/Country:	NEW YORK
Postal Code:	10003
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Dennis Hersch
Street Address:	599 Lexington Avenue, Suite 27A
Internal Address:	c/o The Wexner Foundation
City:	New York
State/Country:	NEW YORK
Postal Code:	10022
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Daniel Lewis
Street Address:	43 West 64th Street, 10B
City:	New York
State/Country:	NEW YORK
Postal Code:	10023
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	EMD Investors
Street Address:	445 Main Street
Internal Address:	c/o The Goldstone Foundation
City:	Ridgefield
State/Country:	CONNECTICUT
Postal Code:	06877
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE

Name:	Janet Canter Trust
Street Address:	19274 Berclair Lane
City:	Tarzana
State/Country:	CALIFORNIA
Postal Code:	91356
Entity Type:	TRUST: CALIFORNIA
Composed Of:	<ul style="list-style-type: none"> • Janet Canter, UNITED STATES, INDIVIDUAL

Name:	Nick Sarnicola
Street Address:	3737 Collins Avenue, PH2
City:	Miami Beach
State/Country:	FLORIDA

Postal Code:	33140
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Iroquois Master Fund Ltd.
Street Address:	641 Lexington Avenue, 26th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10022
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE

Name:	Steven E. Nelson Trust dated June 14, 1993, as amended
Street Address:	4192 Bay Beach Lane, Unit 8PH4
City:	Fort Myers Beach
State/Country:	FLORIDA
Postal Code:	33931
Entity Type:	TRUST: FLORIDA
Composed Of:	<ul style="list-style-type: none"> • Steven Nelson, UNITED STATES, INDIVIDUAL

Name:	Elizabeth Klotz
Street Address:	8 White Birch Road
City:	Pound Ridge
State/Country:	NEW YORK
Postal Code:	10576
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Farrell Franzone, LP
Street Address:	410 Park Avenue, 15th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10022
Entity Type:	LIMITED PARTNERSHIP: DELAWARE

Name:	Jeffrey Wolf
Street Address:	5 Hickory Hill
City:	Roslyn
State/Country:	NEW YORK
Postal Code:	11576
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	Benjamin B. James
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Street Address:	45 Estabrook Road
City:	Concord
State/Country:	MASSACHUSETTS
Postal Code:	01742
Entity Type:	INDIVIDUAL: UNITED STATES

Name:	NSP Investment Group, LLC
Street Address:	25 Braintree Hill Office Park, Suite 410
City:	Braintree
State/Country:	MASSACHUSETTS
Postal Code:	02184
Entity Type:	LIMITED LIABILITY COMPANY: MASSACHUSETTS

Name:	Donald DeFosset
Street Address:	3203 Bayshore Blvd #19P
City:	Tampa
State/Country:	FLORIDA
Postal Code:	33629
Entity Type:	INDIVIDUAL: UNITED STATES

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Registration Number:	3727241	HALO
Registration Number:	3727242	HALO MARITIME DEFENSE SYSTEMS
Serial Number:	85726959	SENTINEL
Serial Number:	85801448	SENTRY
Serial Number:	85801446	PROTECTOR

CORRESPONDENCE DATA

Fax Number: 2027568087
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.
 Phone: 202-756-8000
 Email: washington_ip_docket@mwe.com, rkim@mwe.com, bmorgan@mwe.com, ksandacz@mwe.com
 Correspondent Name: Richard Y. Kim
 Address Line 1: 500 North Capitol Street, NW
 Address Line 2: McDermott Will & Emery LLP
 Address Line 4: Washington, DISTRICT OF COLUMBIA 20001

ATTORNEY DOCKET NUMBER: 81789-027

TRADEMARK

	Richard Y. Kim
Signature:	/Richard Y. Kim/
Date:	04/26/2013

Total Attachments: 35

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as amended, restated or otherwise modified from time to time, this "Agreement") is made as of April 18, 2013, by and between HALO Maritime Defense Systems, Inc., a Delaware corporation (the "Company"), and the individuals and entities listed on Exhibit A (individually, a "Secured Party", and collectively, the "Secured Parties").

RECITALS

A. The Secured Parties have advanced funds to the Company in exchange for the issuance to the Secured Parties of secured convertible promissory notes evidencing the Company's obligation to repay the Secured Parties' loans of such advanced funds.

B. The parties have agreed that Company's obligations under such secured convertible promissory notes will be secured by Company's grant to the Secured Parties of a security interest in and to certain collateral, pursuant to the terms and conditions of this Agreement.

Now, therefore, the parties hereby agree as follows.

1. SECURITY.

1.1 Grant of Security Interest. As security for payment and performance of all Indebtedness (as defined below) of the Company to the Secured Parties when and as due, the Company hereby grants to the Secured Parties a first priority security interest in the Collateral (as defined below). The Company acknowledges and agrees that, in the event the Company acquires equity in any corporation, partnership, limited liability company, association or other entity (a "Subsidiary"), the Company shall promptly enter into a pledge agreement regarding the equity of the Subsidiary with the Secured Parties in a form reasonably acceptable to the Purchaser Majority (as defined in the Purchase Agreement) and the Company. For purposes of this Agreement, "Indebtedness" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Company to the Secured Parties pursuant to the terms of those certain secured convertible promissory notes issued to the Secured Parties by the Company pursuant to the Purchase Agreement (as defined below) (the "Notes"), this Agreement, the Purchase Agreement, and the other documents executed in connection therewith, including without limitation all interest, fees, charges, expenses, costs of collection, attorneys' fees and costs chargeable to and payable by Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding. Reference to the "Secured Parties" in the remainder of this Agreement shall include the Purchasers (as defined in the Purchase Agreement) as well as any and all subsequent holders of the Notes.

1.2 Collateral Defined. As used in this Agreement, the term "Collateral" means, collectively, the assets described in Exhibit B attached hereto.

1.3 Financing Statements. Concurrently with the execution of this Agreement by the parties hereby, the Company, on behalf of the Secured Parties, shall (a) file a UCC-1 financing statement describing the Collateral with the office of the Secretary of State for the State of Delaware and (b) file a copy of this Agreement with the US Patent and Trademark Office. So long as any of the Company's Indebtedness to the Secured Parties has not been fully satisfied, the Company will promptly execute and deliver to each Secured Party such assignments, notices, financing statements or other documents and papers as such Secured Party may reasonably require in order to perfect and maintain the security interest in the Collateral granted to the Secured Parties hereby and to give any third party notice of such Secured Party's interest in the Collateral, and authorizes such Secured Party to prepare and file any such assignments, notices, financing statements, or other documents and any amendments to or continuances thereof, and to give any such notice. Upon the full and final discharge of all of the Indebtedness, each Secured Party will execute and deliver such documents as may be reasonably necessary and requested by the Company to release the Collateral from the security interest granted to the Secured Parties in this Agreement.

1.4 Termination. When all the Indebtedness has been paid in full and discharged (including, without limitation, by means of conversion into securities of the Company), this Agreement and the security interest granted to the Secured Parties under this Agreement will terminate.

1.5 Purchase Agreement. This Security Agreement secures the Company's obligations under the Note which is issued pursuant to that certain Note and Warrant Purchase Agreement by and among the Company and the Secured Parties dated as of April 18, 2013 (the "Purchase Agreement") and is subject to the terms thereof. Capitalized terms not defined herein shall have the meaning set forth for such terms in the Purchase Agreement.

1.6 Definitions. As used in this Agreement:

(a) Copyrights shall mean (i) all copyrights in all works of authorship, and derivative works thereof, fixed in any tangible medium of expression, including, without limitation, all databases, source codes, object codes and manuals, whether published or unpublished, whether statutory or common law, whether in the United States or any other country, and all applications, registrations, renewals, extensions and recordings relating thereto, in each case in which the Company has any right, title or interest, whether as author, assignee, transferee or otherwise, and all other rights of the Company pursuant to any Copyright License, (ii) all right, title and interest of the Company in all physical materials embodying any work with respect to which the Company owns or holds rights in any Copyright or Copyright License, and (iii) the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto throughout the world, and all goodwill associated therewith, all extensions, continuations and renewals of any thereof, and all proceeds of the foregoing, including licenses, fees, royalties, income, payments, claims, damages and proceeds of suit.

(b) Copyright License shall mean (i) any agreement, written or oral, naming the Company as licensor or licensee, granting any right in or to any Copyright, or (ii) any and all agreements, including, without limitation, assignments and

consents, as any such agreements may from time to time be amended or supplemented, pursuant to which the Company has any direct or beneficial interest in any Copyright, or is a grantor of rights to any third party with respect to any Copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement, excluding, however, non-exclusive computer software licenses.

(c) Patents shall mean (i) all patents and like protections, including patents, design patents and utility models, and all registrations and recordings thereof, including all applications, improvements, reissues, extensions, divisions, continuations and continuations-in-part thereof, and the inventions disclosed or claimed therein, including the right to make, sell and/or use the inventions disclosed or claimed therein, in each case in which the Company has any right, title or interest, (ii) all Patent Licenses, and (iii) the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto, and all goodwill associated therewith, all extensions, continuations and renewals of any thereof, and all proceeds of the foregoing, including licenses, fees, royalties, income, payments, claims, damages and proceeds of suit.

(d) Patent Licenses shall mean all agreements, whether written or oral, providing for the grant by or to the Company of any right to manufacture, use or sell any invention covered by a Patent, and all rights of the Company under such agreement.

(e) Person shall mean an individual, a corporation, a limited liability company, a partnership, a limited liability partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

(f) Trademarks shall mean (i) all trademarks, service marks, trade names, corporate names, company names, business names, operating names, domain names, fictitious business names, trade styles, certification marks, collective marks, call signs, logos, other source of business identifiers, prints, labels and goods on which any of the foregoing appear or have appeared, designs (including product designs) and general intangibles of a like nature (any and all of the foregoing being the "Trademarks"), anywhere in the world, whether registered or not and whether currently in use or not, all registrations and recordings thereof and all applications to register the same, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any foreign country, and (ii) all Trademark licenses, and (iii) all reissues, extensions or renewals of any of the foregoing, and (iv) all of the goodwill of the business connected with the use of, and symbolized by, the items described in the foregoing, and (v) all proceeds, fees, royalties, income or payments of, and rights associated with, the foregoing, including any claim by any grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license

(g) Trademark Licenses shall mean all agreements, written or

oral, providing for the grant by or to the Company of any right to use any Trademark.

2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to each Secured Party that:

2.1 Title; No Liens or Claims in Collateral. The Company owns all right, title and interest in and to the Collateral. All of the Collateral is (and until the Notes have been paid in full and all the Indebtedness is fully satisfied will be) free and clear of all liens, security interests, mortgages, claims, rights, encumbrances and restrictions of any kind except for statutory tax liens for taxes not yet due and payable and the security interests granted to the Secured Party under this Agreement.

2.2 No Bankruptcy. The Company is not subject to any bankruptcy case or insolvency proceedings before any court in any jurisdiction. In the ninety (90) days preceding the date of this Agreement, the Company has not received any threat in writing from any third party to subject the Company to any involuntary bankruptcy or insolvency proceeding.

2.3 Company's/Collateral Location; Changes.

(a) The name of the Company set forth on the first page hereof is the true and correct legal name of the Company as set forth on the annual report of the Company filed with governmental authorities of the jurisdiction under whose laws the Company is organized (the "Organizational Jurisdiction"), and except as otherwise disclosed to the Secured Parties in writing, the Company has not done business as or used any other name within the five (5) year period preceding the date of this Agreement, other than Elemental Innovation Inc. which was the name of the Company when it was organized as a New Jersey corporation prior to merging into the Company in order to redomicile the Company as a Delaware corporation; the Company's Organizational Jurisdiction and the organizational number, if any, assigned to the Company by the Organizational Jurisdiction is as follows: State of Delaware (4863344);

(b) The address of the Company's principal office and the place where its business records are kept is as follows: 300 Brickstone Square, Suite 201, Andover, Massachusetts 01810. The address(es) of all locations of Collateral in the United States are as follows: 300 Brickstone Square, Suite 201, Andover, Massachusetts 01810, 101 Eisenhower Parkway, Suite 300, Roseland, NJ 07068 and 5 Puzzle Lane, Newton, New Hampshire 03858. No Collateral is in the possession of any third party, including, without limitation, any warehouseman, bailee, consignee, processor, etc., except for such Collateral that is in the hands of third parties for the the sole purpose of analyzing and testing sample barrier systems of the Company.

2.4 Organization; Good Standing. The Company is duly organized, validly existing and in corporate/limited liability company good standing under the laws of the Organizational Jurisdiction and duly qualified and in good standing in every other jurisdiction in which the nature of its business or properties requires such qualification, except to the extent the failure to so qualify would not have a material adverse effect on the Company's business.

2.5 Authorization of Agreement; Consents; No Conflicts. The execution, delivery and performance of this Agreement has been duly authorized by all necessary action, corporate or otherwise, and do not and will not, and the validity of the security interest created by this Agreement does not, (i) require any consent or approval of the stockholders of the Company; (ii) contravene the terms of the charter, by-laws or other organizational papers of the Company; (iii) violate any applicable law, rule or regulation of any governmental agency; (iv) contravene any provision of any agreement, instrument, order or undertaking binding on the Company or by which any of its properties are bound or affected; (v) other than as contemplated hereby, result in or require the imposition of any lien on any of the properties of the Company; or (vi) other than filings required by the UCC, require the approval or consent of, or filing or registration with, any governmental or other agency or authority, or any other Person.

3. COVENANTS OF THE COMPANY. So long as any of the Company's Indebtedness to the Secured Party has not been fully satisfied, the Company covenants and agrees with each Secured Party that:

3.1 Condition of Collateral. The Company will maintain the Collateral in good condition and repair.

3.2 Taxes. The Company will pay all taxes due and owing by the Company at such time as they become due.

3.3 Insurance. The Company will maintain fire and casualty insurance sufficient in amount (subject to reasonable deductibles) to allow it to replace any of the Collateral that might be damaged or destroyed.

3.4 Sale of Collateral. The Company will not, without the prior written consent of the Purchaser Majority, sell, lease, assign, transfer or otherwise dispose of the Collateral, any part thereof or any interest therein, or any of the Company's rights therein, to any person, entity or party other than the Secured Parties, except for the sale of the Company's products in the ordinary course of the Company's business.

3.5 Other Liens. The Company will keep the Collateral free and clear of all liens, security interests, mortgages, claims, rights, encumbrances and restrictions of any kind except for statutory tax liens for taxes not yet due and payable and those liens, security interests, mortgages, claims, rights, encumbrances, and restrictions, if any, approved in writing by the Purchaser Majority. The Company shall defend its title to and Secured Party's interest in the Collateral against all claims and take any action necessary to remove any liens other than those permitted hereunder and defend the right, title and interest of Secured Party in and to any of the Company's rights in the Collateral.

3.6 Name Change. The Company will not change its name, Organizational Jurisdiction, identity or organizational structure, or principal office or place where its business records are kept, or move any Collateral to a location in the United States (except from one location to another described in Section 2.3(b) above or from or to third parties solely for the purpose of analyzing and testing sample barrier systems of the Company), or, unless permitted by the Notes, merge into or consolidate with any other entity, unless the Company shall have

given Secured Party at least thirty (30) days' prior written notice thereof and shall have delivered to Secured Party such documentation as may be necessary or required by Secured Party to ensure the continued perfection and priority of the security interests granted by this Agreement.

3.7 Further Assurances. Upon the written request of Secured Party, and at the sole expense of the Company, the Company will promptly execute and deliver such further instruments and documents and take such further actions as Secured Party may reasonably deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted.

3.8 Notices and Reports Pertaining to Collateral. The Company will, with respect to the Collateral:

(a) promptly furnish to Secured Party, from time to time upon request, reasonable reports in form and detail satisfactory to Secured Party;

(b) promptly notify Secured Party of any lien asserted against the Collateral, including any attachment, levy, execution or other legal process levied against any of the Collateral, and of any information received by the Company relating to the Collateral, the account debtors, or other Persons obligated in connection therewith, that may materially adversely affect the value of the Collateral or the rights and remedies of Secured Party with respect thereto.

4. RIGHTS AND REMEDIES UPON EVENT OF DEFAULT.

4.1 General Remedies. In the event of an occurrence of any Event of Default under the Notes (as that term is defined in the Notes), including without limitation any Event of Default under the Note arising from or in respect of the Company's failure to observe or perform any obligation to be observed or performed by it hereunder within fifteen (15) days after written notice from the Purchaser Majority to perform or observe the obligation, in addition to exercising any other rights or remedies the Secured Parties may have under the Notes, at law or in equity, or pursuant to the provisions of the Uniform Commercial Code as from time to time in effect in the State of Delaware, the Secured Parties may, at their option, by the vote of the Purchaser Majority, and without demand first made, exercise any one or all of the following rights and remedies: (i) collect the Collateral and its proceeds; (ii) take possession of the Collateral wherever it may be found, using all reasonable means to do so, or require the Company to assemble the Collateral and make it available to the Secured Parties at a place designated by the Secured Parties that is reasonably convenient to the Company; (iii) proceed with the foreclosure of the security interest in the Collateral granted herein and the sale or endorsement and collection of the proceeds of the Collateral in any manner permitted by law or provided for herein; (iv) sell, lease or otherwise dispose of the Collateral at public or private sale, with or without having the Collateral at the place of sale; (v) institute a suit or other action against the Company for recovery on the Notes; (vi) exercise any rights and remedies of a secured party under the Uniform Commercial Code as from time to time in effect in the State of Delaware; and/or (vii) offset, against any payment due from the Company to the Secured Parties, the whole or any part of any indebtedness of the Secured Parties to the Company.

4.2 No Election of Remedies. The election by the Secured Parties of any right or remedy will not prevent the Secured Parties from exercising any other right or remedy against the Company.

4.3 Proceeds. If an Event of Default occurs, all proceeds and payments with respect to the Collateral will be retained by the Secured Parties (or if received by the Company will be held in trust and will be forthwith delivered by the Company to the Secured Parties in the original form received, endorsed in blank) and held by the Secured Parties as part of the Collateral or applied by the Secured Parties in accordance with Section 4.5 hereof.

4.4 Sales of Collateral. Any item of Collateral may be sold for cash or other value at public or private sale or other disposition and the proceeds thereof collected by or for the Secured Parties as provided in the Uniform Commercial Code as from time to time in effect in the State of Delaware or under other applicable law. The Company agrees to promptly execute and deliver, or promptly cause to be executed and delivered, such instruments, documents, assignments, waivers, certificates and affidavits and supply or cause to be supplied such further information and take such further action as the Secured Parties may reasonably require in connection with any such sale or disposition. The Secured Parties will have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in the Company, which right or equity is hereby waived or released. If any notice of a proposed sale, lease, license or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale, lease, license or other disposition. The Secured Parties agree to give the Company ten (10) days' prior written notice of any sale, lease, license or other disposition of Collateral (or any part thereof) by the Secured Parties. To the extent it may lawfully do so, the Company waives and relinquishes the benefit and advantage of, and covenants not to assert against the Secured Parties, any valuation, stay, appraisal, extension, redemption or similar laws now or hereafter existing which, but for this sentence, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Agreement, or otherwise.

4.5 Application of Proceeds. The proceeds of all sales and collections in respect of the Collateral, the payments and proceeds of the Collateral under Section 4.3 hereof, and any other proceeds the application of which is not otherwise specifically herein provided for, shall be applied as follows: (i) first, to the payment of the costs and expenses of such sale or sales and collections and the attorneys' fees and out-of-pocket expenses incurred by the Secured Parties relating to costs of collection; (ii) second, any surplus then remaining will be applied first, to the payment of all unpaid interest accrued under the Notes, and then to the payment of unpaid principal under the Notes; and (iii) third, any surplus then remaining will be paid to the Company. With respect the application of payments or proceeds to the Secured Parties set forth in this Section 4.5, all amounts so applied shall be made *pro rata* to each Secured Party based on the unpaid principal amount of the Note held by such Secured Party and all accrued but unpaid interest thereon.

5. GENERAL PROVISIONS.

5.1 Survival of Warranties. The representations, warranties and covenants of the Company and the Secured Party contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement.

5.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided, however, that the Company may not assign its rights or obligations hereunder without the prior written consent of the Purchaser Majority.

5.3 Governing Law. This Agreement shall be governed by and be construed under the laws of the State of Delaware in all respects as such laws are applied to agreements among Delaware residents entered into and performed entirely within Delaware, without giving effect to conflicts of laws principles thereof.

5.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.5 Headings. The headings and captions used in this Agreement are used only for convenience and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

5.6 Notices. All notices and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given if given in accordance with Section 6.03 of the Purchase Agreement.

5.7 Amendments and Waivers. This Agreement may be amended and provisions may be waived by the Secured Parties and the Company as provided in Section 6.02 of the Purchase Agreement.

5.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

5.9 Further Assurances. From and after the date of this Agreement, upon the request of the Secured Parties or the Company, the Company and the Secured Parties shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

HALO MARITIME DEFENSE SYSTEMS, INC.

By:  _____

Name: Paul C. Jensen

Title: Chief Executive Officer

SECURED PARTIES:

THE LINDEN TRUST

By: *Dennis S. Hersch*

Name: *Dennis S. Hersch*

Title: *Trustee*

PENINSULA OVERVIEW PARTNERS, LLC

By: _____

Name: Nicholas Lowin

Title: _____

Christopher Lee Fisher

Richard A. Kern

Russell Hoffman

Michael Hoffman

Neil S. Rosenbaum

Chip Carter

Deanna Fensch

Daniel Lewis

EARLY INVESTORS

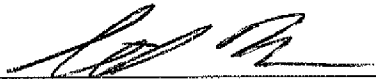
By: _____

Name: _____

Title: _____

FORWATER PAPER TECHNOLOGY CORPORATION

Christopher Tice Peifer



Stephen Korn

Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter

Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

Christopher Tice Peifer

Stephen Korn



Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter

Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

Christopher Tice Peifer

Stephen Korn

Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter

Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

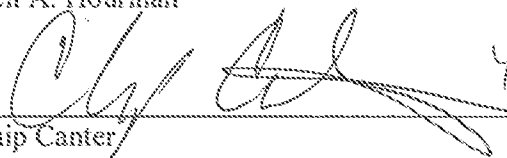
Christopher Tice Peifer

Stephen Korn

Russell Hoffman

Michael Hoffman

Neil A. Hourihan



Chip Canter

4/15/13

Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK
REEL: 005015 FRAME: 0368

Christopher Tice Peifer

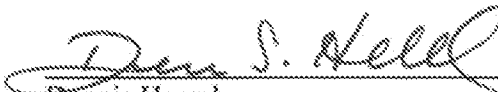
Stephen Korn

Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter



Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

Christopher Tice Peifer

Stephen Korn


Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter

Dennis Hersch



Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

Christopher Tice Peifer

Stephen Korn

Russell Hoffman

Michael Hoffman

Neil A. Hourihan

Chip Canter

Dennis Hersch

Daniel Lewis

EMD INVESTORS

By: _____

Name: _____

Title: _____

SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK
REEL: 005015 FRAME: 0371

THE PETER L. CORSELL REVOCABLE LIVING TRUST

By: _____

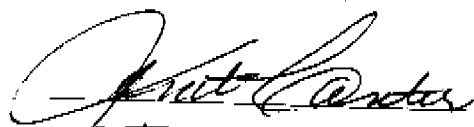
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Title: _____



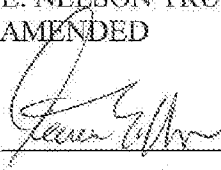
Nick Sarnicola

Janet Canter Trust
(print name of trust)

By: 
Name: Janet Canter
Title: trustee

STEVEN E. NELSON TRUST DATED JUNE 14,
1993, AS AMENDED

By:



Name:

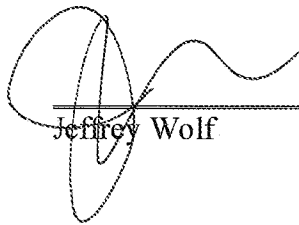
Steven E. Nelson, as Trustee for the Steven E. Nelson

Title:

Trust dated June 14, 1993, as amended

SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK
REEL: 005015 FRAME: 0374



Jeffrey Wolf

Benjamin B. James

NSP INVESTMENT GROUP, LLC

By: _____

Name: _____

Title: _____

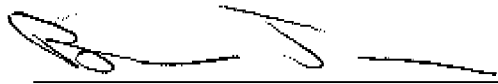
Jeffrey Wolf



Benjamin B. James

~~NSP INVESTMENT GROUP, LLC~~

By:



Name:

Benjamin B. James

Title:

NA

SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK

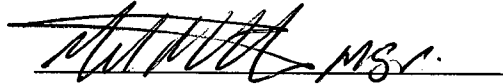
REEL: 005015 FRAME 0376

Jeffrey Wolf

Benjamin B. James

NSP INVESTMENT GROUP, LLC

By:



Name:

~~Nicholas S. Petrocelli~~

Title:

Manager

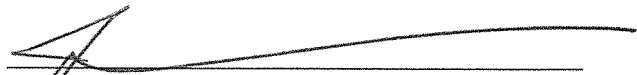
SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK
REEL: 005015 FRAME: 0377


Elizabeth Klotz

SECURED PARTIES:

[] IROQUOIS Master Fund Ltd

By: 

Name: Joshua Silverman

Title: Authorized Signatory

[]

By: _____

Name: _____

Title: _____

CITADEL TRUST NO. 1



By: _____

Name: _____

RUSSELL HOFFMAN

Title: _____

TRUSTEE

CITADEL TRUST NO. 2



By: _____

Name: _____

RUSSELL HOFFMAN

Title: _____

TRUSTEE



Donald DeFosset

SIGNATURE PAGE TO SECURITY AGREEMENT

TRADEMARK
REEL: 005015 FRAME: 0381

EXHIBIT A

SECURED PARTIES

The Linden Trust
8000 Walton Parkway, Suite 100
New Albany, OH 43054
Attention: Dennis Hersch and Gregory Hersch

Peninsula Overview Partners, LLC
c/o Crown Predator Holdings
712 Fifth Avenue, 14th Floor
New York, NY 10019
Attention: Nicholas Lewin

Christopher Tice Peifer
280 Stanwich Rd
Greenwich, CT 06830

Stephen Korn
66 Round A Bend Road
Tarrytown, NY 10591

Russell Hoffman
c/o Orange Capital, LLC
1370 Avenue of the Americas, 23rd Floor
New York, NY 10019

Citadel Trust No. 1
c/o Russell Hoffman
Orange Capital, LLC
1370 Avenue of the Americas, 23rd Floor
New York, NY 10019

Citadel Trust No. 2
c/o Russell Hoffman
Orange Capital, LLC
1370 Avenue of the Americas, 23rd Floor
New York, NY 10019

Neil A. Hourihan
301 E. 79th Street Apt. 9B
New York, NY 10075

Chip Canter
1 Irving Place #V26B
New York, NY 10003

Dennis Hersch
c/o The Wexner Foundation
599 Lexington Ave
Suite 27A
New York, NY 10022

Daniel Lewis
43 West 64th Street, 10B
New York, NY 10023

EMD Investors
c/o The Goldstone Foundation
445 Main Street
Ridgefield, CT 06877
Attention: Steven Goldstone

Janet Carter Trust
19274 Berclair Lane
Tarzana, CA 91356
Attention: Janet Canter

Nick Sarnicola
3737 Collins Avenue, PH2
Miami Beach, FL 33140

Iroquois Master Fund Ltd.
c/o 641 Lexington Avenue, 26th Floor
New York, NY 10022

Steven E. Nelson Trust dated June 14, 1993, as amended
4192 Bay Beach Lane, Unit 8PH4
Fort Myers Beach, FL 33931
Attention: Steven E. Nelson

Elizabeth Klotz
8 White Birch Road
Pound Ridge, NY 10576

Farrell Franzone, LP
410 Park Avenue, 15th Floor
New York, NY 10022

Jeffrey Wolf
5 Hickory Hill
Roslyn, NY 11576

Benjamin B. James
45 Estabrook Road
Concord, MA 01742

NSP Investment Group, LLC
25 Braintree Hill Office Park, Suite 410
Braintree, MA 02184
Attention: Nicholas Petrocelli

Donald DeFosset
3203 Bayshore Blvd #19P
Tampa, FL 33629

EXHIBIT B

COLLATERAL

All right, title, interest, claims and demands of the Company and any wholly-owned direct or indirect subsidiary of the Company in and to the following assets and property, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof: all real, personal and fixture property of every kind and nature, including, without limitation, all goods (including inventory, equipment, and accessions thereto) instruments (including promissory notes), documents, accounts, including health care insurance receivables, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles, including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Company or any wholly-owned direct or indirect subsidiary of the Company possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Company or any wholly-owned direct or indirect subsidiary of the Company, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics.

Notwithstanding the foregoing, Collateral shall not include:

1. any (a) any equipment now owned or hereafter acquired pursuant to an equipment line of financing with a value not to exceed \$100,000 in the aggregate and (b) assets now owned or hereafter acquired in connection with any operating lease obligations; provided, however, that the Secured Party shall have a security interest in any such equipment or assets immediately upon the underlying purchase money indebtedness with respect thereto being satisfied.

**HALO MARITIME DEFENSE SYSTEMS
PATENTED AND PENDING APPLICATIONS
April 22, 2013**

MWE Ref. #	Country	Title	Application No.	Patent No.
081789-0015	US	Floating Breakwater System	09/669,655	7,572,083
081789-0016	US	Wave Attenuator and Security Barrier System- Module	11/013,043	7,887,254
081789-0017	US	Wave Attenuator and Security Barrier System- Connector	11/013,044	7,524,139
081789-0018	US	Wave Attenuator and Security Barrier System- Adjusting	11/013,045	7,524,140
081789-0019	US	System and Method of Using Rope in Security Application	11/879,271	
087189-0020	US	Float For Use In Water-Based Security System	11/879,272	7,975,639
087189-0021	US	Security Barrier	11/879,273	8,020,836
081789-0039	US	Security Barrier System	13/273,681	
087189-0043	US	Marine Barrier and Gate	13/586,270	
081789-0045	US	Marine Barrier and Gate	13/598,353	
081789-0047	US	Marine Ropeway	13/566,614	

TRADEMARKS

MWE Ref. #	Country	Title	Application No.	Registration No.
081789-0027	US	HALO	77/563487	3727241
081789-0028	US	HALO and Design	77/563494	3727242
081789-0049	US	US TM – Sentinel (Class 19)	85/726959	Allowed
081789-0050	US	US TM - Sentry	85/801448	Allowed
081789-0051	US	US TM - Protector	85/801446	Allowed