

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM308907

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Protom International, Inc		06/20/2014	CORPORATION: DELAWARE
Protom International, LLC		06/20/2014	LTD LIAB CO: TEXAS

RECEIVING PARTY DATA

Name:	Michaelson Capital Special Finance Fund, LP
Street Address:	400 Madison Avenue
Internal Address:	Suite 2A
City:	New York
State/Country:	NEW YORK
Postal Code:	10017
Entity Type:	LIMITED PARTNERSHIP: DELAWARE

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	4250866	RADIANCE 330

CORRESPONDENCE DATA

Fax Number: 2155686603
Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.
Phone: 215-569-2700
Email: trademarks@klehr.com
Correspondent Name: Klehr Harrison - Michael Rittinger
Address Line 1: 1835 Market Street
Address Line 2: Suite 1400
Address Line 4: Philadelphia, PENNSYLVANIA 19103

ATTORNEY DOCKET NUMBER:	17728.0001
NAME OF SUBMITTER:	Michael P. Rittinger
SIGNATURE:	/Michael P. Rittinger/
DATE SIGNED:	06/27/2014

Total Attachments: 46
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SECURITY AGREEMENT

This **SECURITY AGREEMENT** (this "Agreement"), dated as of June 10, 2014 is by and among **PROTOM INTERNATIONAL, INC.**, ("PII") a corporation duly organized and validly existing under the laws of Delaware, **PROTOM INTERNATIONAL, LLC**, ("PILLC") a limited liability company organized under the laws of Texas (PII and PILLC, are collectively referred to herein as the "Company"), and **MICHAELSON CAPITAL SPECIAL FINANCE FUND LP**, a Delaware limited partnership (the "Secured Party"). Each of PII, PILLC, and the Secured Party may be referred to herein individually as a "Party" and collectively as the "Parties". Each of PII and PILLC may be referred to herein individually as a "Grantor" and collectively as the "Grantors".

WHEREAS, PII and the Secured Party are parties to a Subscription Agreement (and related documents) (the "Subscription Agreement") for the purchase of a Secured Convertible Promissory Note in the original principal amount of \$7,250,000 (the "Note") and Common Stock Purchase Warrants ("Warrants"), that provides, subject to the terms and conditions thereof, for the issuance and sale by PII to the Secured Party of the Note and Warrants as more fully described in therein;

WHEREAS, PILLC is affiliated with PII and will receive substantial benefit from the issuance and sale of the Note and the Warrants by PII to the Secured Party;

WHEREAS, it is a condition precedent to the purchase of the Note and Warrants by the Secured Party that the Grantors shall have granted the security interests contemplated by this Agreement; and

WHEREAS, to induce the Secured Party to enter into the Subscription Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) as security for the Secured Obligations (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and intending to be legally bound hereby, the Parties hereto agree as follows:

Section 1. Definitions. Each capitalized term used herein and not otherwise defined shall have the meaning assigned to such term in the Subscription Agreement (or its Exhibits). Each of the Parties to this Agreement agree that the obligations of the Company are joint and several. In addition, as used herein:

"Account Control Agreement" shall mean an agreement to be executed by the Secured Party, the Company and the Company's depository bank in a form reasonably acceptable to the Secured Party.

"Accounts" means all "accounts" (as defined in the UCC) now owned or hereafter created or acquired by a Grantor, including, without limitation, all of the following now owned or hereafter created or acquired by a Grantor: (a) accounts receivable, contract rights, book debts, notes, drafts and other obligations or indebtedness owing to the Grantor that evidence or arise from the sale, lease or exchange of goods or other property and/or the performance of services;

(b) any of a Grantor's rights in, to and under all purchase orders for goods, services or other property; (c) any of a Grantor's rights to any goods, services or other property represented by any of the foregoing (including returned or repossessed goods and unpaid sellers' rights of rescission, replevin, reclamation and rights to stoppage in transit); (d) monies due to or to become due to a Grantor under all contracts for the sale, lease or exchange of goods or other property and/or the performance of services (whether or not yet earned by performance on the part of the Grantor); (e) uncertificated securities; and (f) Proceeds of any of the foregoing and all collateral security and guaranties of any kind given by any Person with respect to any of the foregoing.

"Balakin" shall mean Vladimir Balakin, a citizen of Russia, with an address of 3 Moskovskaya Street, Flat No: 23, Protvino, Moscow Region, 142281, Russia.

"Balakin Collateral" shall mean solely those U.S. Patents set forth on Annex 3 hereto.

"Business" shall mean the businesses from time to time, now or hereafter, conducted by a Grantor and its subsidiaries.

"Business Day" means a day (other than a Saturday or Sunday) on which banks generally are open in New York, New York for the conduct of substantially all of their activities.

"Collateral" shall have the meaning ascribed thereto in Section 3.01 hereof.

"Copyright Collateral" shall mean all Copyrights, whether now owned or hereafter acquired by a Grantor that are associated with the Business.

"Copyrights" shall mean all copyrights, copyright registrations and applications for copyright registrations, including those shown on Annex 3 hereto, and, without limitation, all renewals and extensions thereof, the right to recover for all past, present and future infringements thereof, and all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

"Documents" means all "documents" (as defined in the UCC) or other receipts covering, evidencing or representing goods now owned or hereafter acquired by a Grantor and wherever located, and to the extent not otherwise included, includes all bills of lading, dock warrants, dock receipts, warehouse receipts and orders for the delivery of goods, and any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers.

"Equipment" means all "equipment" (as defined in the UCC) now owned or hereafter acquired by a Grantor and wherever located, including, without limitation, all machinery, Motor Vehicles, trucks, trailers, vessels, aircraft and rolling stock and all other tangible personal property (other than Inventory) and all parts thereof and all additions and accessions thereto and replacements therefor.

"Event of Default" shall have the meaning ascribed thereto in Section 8 of the Note.

"Fixtures" means all "fixtures" (as defined in the UCC) and, to the extent not otherwise included, all of the following now owned or hereafter acquired by a Grantor and wherever

located; plant fixtures; trade fixtures; business fixtures; other fixtures and storage office facilities; and all additions and accessions thereto and replacements therefor.

“General Intangibles” means all “general intangibles” (as defined in the UCC) and, to the extent not otherwise included, all general intangibles now owned or hereafter acquired by a Grantor including, without limitation, all right, title and interest of a Grantor in and to:

(a) all agreements, leases, licenses and contracts to which a Grantor is or may become a party;

(b) all payment intangibles, and other obligations or indebtedness owing to a Grantor (other than Accounts) or other rights to receive payment of money from whatever source arising;

(c) all tax refunds, tax refund claims and rights thereto;

(d) all choses in action and causes of action;

(e) all Intellectual Property;

(f) all engineering drawings; and

(g) all books, records and files of a Grantor and all trade secrets and other confidential information relating to the Business including, by way of illustration and not limitation; (i) systems and techniques for the analysis, diagnosis and correction of malfunctions of products and services used by a Grantor’s customers; (ii) the names and addresses of, and credit and other business information concerning, any of a Grantor’s past, present or future customers; (iii) the prices which a Grantor obtains for its services or at which it sells merchandise; (iv) estimating and cost procedures; (v) profit margins; (vi) policies and procedures pertaining to the sale and design of equipment, components, devices and services furnished by a Grantor; (vii) information concerning suppliers of a Grantor; and (viii) information concerning the manner of operation, business plans, pledges, projections, and all other information of any kind or character, whether or not reduced to writing, with respect to the conduct by a Grantor of the Business not generally known by the public.

“Goods” means all “goods” (as defined in the UCC) now owned or hereafter created or acquired by a Grantor and wherever located.

“Governmental Authority(ies)” when used in the singular, shall mean any federal, state, local or foreign governmental or quasi-governmental instrumentality, agency, board, commission or department or any regulatory agency, bureau, commission or authority and, when used in the plural, shall mean all such entities.

“Indebtedness” means, at any time and with respect to any Person, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of seller or lender under such agreement in the

event of default are limited to repossession or sale of such property), (e) all obligations of such Person under leases which have been or should be, in accordance with GAAP, recorded as capital leases, to the extent required to be so recorded, (f) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities, (g) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered), or (iv) otherwise to assure a creditor against loss in respect of such Indebtedness, and (h) all Indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, and including in clauses (a) through (h) above any accrued and unpaid interest thereon.

“Instruments” means all “instruments,” “chattel paper” (whether tangible or electronic) and “letters of credit” (each as defined in the UCC) and any replacements therefor and, to the extent not otherwise included, all other writings which evidence a right to the payment of money and which are not themselves security agreements or leases and are of a type which in the ordinary course of business are transferred by delivery with any necessary endorsement or assignment, including, without limitation, all checks, drafts, notes, bonds, debentures, government securities, bills of exchange, trade acceptances, certificates of deposit, options and warrants in which a Grantor now has or hereafter acquires any rights.

“Intellectual Property” shall mean, collectively, all Copyright Collateral, all Patent Collateral and all Trademark Collateral, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the Business; (b) all licenses or user or other agreements granted to a Grantor with respect to any of the foregoing, in each case whether now or hereafter owned or used including, without limitation, the licenses or other agreements with respect to the Copyright Collateral, the Patent Collateral or the Trademark Collateral; (c) all customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, manuals, materials standards, processing standards, catalogs, computer and automatic machinery software and programs, and the like pertaining to the operation by a Grantor of the Business; (d) all sales data and other information relating to sales now or hereafter collected and/or maintained by a Grantor that pertain to the Business; (e) all accounting information which pertains to the Business and all media in which or on which any of the information or knowledge or data or records which pertain to the Business may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by a Grantor pertaining to the operation by a Grantor and its Subsidiaries of the Business; and (g) all causes of action, claims and warranties now or hereafter owned or acquired by a Grantor in respect of any of the items listed above.

“Inventory” means all “inventory” (as defined in the UCC), now owned or hereafter acquired by a Grantor, wherever located including, without limitation, finished goods, raw materials, work in process, spare parts and other materials and supplies (including packaging and shipping materials) used or consumed in the manufacture or production thereof and goods which are returned to or repossessed by a Grantor.

“Investment Property” means all “investment property” (as defined in the UCC) now owned or hereafter acquired by a Grantor, wherever located, including without limitation, all securities, whether certificated or uncertificated, securities entitlements (including the bank and deposit accounts set forth on Schedule 2(h) attached hereto, all interests of a Grantor in any financial intermediary relating to such accounts, and any replacement or substitution thereof approved by the Secured Party), securities accounts, commodity contracts, and commodity accounts, Financial Assets (as defined in the UCC), rights to give entitlement orders (as defined in the UCC), and rights to any control agreement with any securities intermediary (as defined in the UCC).

“Liens” shall mean a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Losses” means any and all claims, liabilities, losses, damages, taxes, costs and expenses (including any special, punitive or consequential losses or damages) including reasonable attorneys’ fees, disbursements, other dispute resolution expenses (including reasonable fees and expenses in preparation for a defense of any investigation, litigation or Proceeds) and the costs of collection.

“Motor Vehicles” shall mean motor vehicles, tractors, trailers and other like property, whether or not the title thereto is governed by a certificate of title or ownership.

“Note” shall have the meaning ascribed thereto in the Recitals to this Agreement.

“Patent Collateral” shall mean all Patents, whether now owned or hereafter acquired by such Grantor, that are associated with the Business.

“Patents” shall mean all patents and patent applications, including those shown on Annex 3 hereto, and, without limitation, the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, all income, royalties, damages and payments now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world.

“Perfection Certificate” has the meaning assigned to that term in Section 2(k) hereof.

“Permitted Indebtedness” shall mean a Grantor’s existing Indebtedness, liabilities and obligations as disclosed on Annex 5 hereto and any future capitalized leases, purchase money indebtedness permitted under the Note and the Note.

“Permitted Liens” shall mean: (i) liens existing on the date of this Agreement as set forth on Schedule 3(o) of the Subscription Agreement; (ii) liens for taxes, fees, assessments or other government charges or levies, either (A) not due and payable or (B) being contested in good faith and for which the Company maintains adequate reserves on its books; (iii) purchase money liens; (iv) liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business; (v) liens to secure payment of workers’ compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than liens imposed by ERISA); (vi) liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (i) through (v); (vii) liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8(m) and 8(n) of the Note; and (viii) liens in favor of financial institutions arising in connection with the Company’s deposit and/or securities accounts held at such institutions.

“Person” means any person or entity of any nature whatsoever, specifically including an individual, a firm, a company, a corporation, a partnership, a limited liability company, a trust or other entity.

“Proceeds” means all “proceeds” (as defined in the UCC) of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral, including, without limitation, all claims of a Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance with respect to any Collateral, and any condemnation or requisition payments with respect to any Collateral, in each case whether now existing or hereafter arising.

“Rights Agreement” shall mean that certain Amended and Restated Rights Agreement, dated as of March 11, 2011, by and between PII and PILLC, as the same may be modified, amended or amended and restated after the date hereof.

“Secured Obligations” shall mean, collectively: (a) the principal of and interest on the Note issued or issuable (as applicable) by a Grantor and held by the Secured Party and all other amounts from time to time owing to the Secured Party by such Grantor under the Subscription Agreement and the Note, (b) all obligations of the Grantors to the Secured Party under this Agreement or any of the other Transaction Documents; and (c) all renewals, extensions, restructuring and refinancings of any of the foregoing.

“Trademark Collateral” shall mean all Trademarks, whether now owned or hereafter acquired by a Grantor, that are associated with the Business. Notwithstanding the foregoing, the Trademark Collateral does not and shall not include any Trademark which would be rendered invalid, abandoned, void or unenforceable by reason of its being included as part of the Trademark Collateral.

“Trademarks” shall mean all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including those shown on Annex 3 hereto, and, without limitation, all renewals of trademark and service mark registrations, all rights corresponding thereto throughout the world, the right to recover for all past, present and future infringements thereof, all other rights of any

kind whatsoever accruing thereunder or pertaining thereto, together, in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and service mark.

“Transaction Documents” shall mean this Agreement, the Subscription Agreement, the Note, Warrants, any Account Control Agreement and any other agreement, certificate, document, instrument and writing at any time delivered in connection with this Agreement or any of the foregoing agreements.

“UCC” shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

Section 2. Representations and Warranties. The Company hereby represents and warrants to the Secured Party that:

- a. except as set forth on Schedule 2(a), the Company is the sole beneficial owner of the Collateral and no Lien exists or will exist upon any Collateral at any time (and, no right or option to acquire the same exists in favor of any other Person) except for Permitted Liens and the pledge and security interest in favor of the Secured Party created or provided for herein which pledge and security interest will constitute a first priority perfected pledge and security interest in and to all of the Collateral upon the filing of the applicable financing statements (the “UCC Filings”) or delivery of stock certificates required hereunder or other action required by this Agreement necessary to establish “control” as that term is defined in the UCC over the Collateral for the benefit of the Secured Party; provided that such priority shall be subject to Permitted Liens that may have superior priority to the Lien created hereby.
- b. No Grantor owns an equity interest in any other entity;
- c. each Grantor owns and possesses the right to use, and has done nothing to authorize or enable any other Person (other than the Company) to use, all of its or his Copyrights, Patents and Trademarks, and all registrations of its or his Copyrights, Patents and Trademarks are valid and in full force and effect. Except as may be set forth in said Annex 3, each Grantor owns and possesses the right to use all Copyrights, Patents and Trademarks, necessary for the operation of the Business;
- d. to each Grantor’s knowledge, (i) except as set forth in Annex 3 hereto, there is no violation by others of any right of each Grantor with respect to any material Copyrights, Patents or Trademarks, respectively, and (ii) each Grantor is not, in connection with the Business, infringing in any material respect upon any Copyrights, Patents or Trademarks of any other Person; and no proceedings have been instituted or are pending against such Grantor or, to such Grantor’s knowledge, threatened, and no claim against a Grantor has been received by a Grantor, alleging any such violation, except as may be set forth in said Annex 3;

- e. intentionally omitted;
- f. No Grantor owns any Trademarks registered in the United States of America to which the last sentence of the definition of "Trademark Collateral" applies;
- g. To Grantor's knowledge, (i) Balakin is the sole inventor of the inventions protected by the Patents described in this Agreement and on the Annexes hereto (the "Inventions") and (ii) Balakin has not entered into any agreement to license or to assign his rights to these Inventions to any other party other than the Company;
- h. Schedule 2(h) attached hereto lists all banks and other financial institutions at which the Company maintains deposits and/or other accounts and such Schedule correctly identifies the name, address and telephone number of each such depository, the name in which the account is held, a description of the purpose of the account, and the complete account number;
- i. with respect to the Accounts pledged as Collateral hereunder (i) the amounts shown on all invoices, statements and reports that may be delivered to the Secured Party with respect thereto are actually and absolutely owing to the Company as indicated thereon; provided, that such amounts may be contingent pursuant to the terms of any contract or agreement evidencing the relationship between the Company and its customer; and (ii) to the Company's knowledge, all counterparty account debtors to the Accounts have the capacity to contract;
- j. Except as set forth on Schedule 2(j), no payments have been made by PII to PILLC under the Rights Agreement or otherwise;
- k. The Company has previously delivered to the Secured Party a certificate signed by the Company and entitled "Perfection Certificate" (the "Perfection Certificate"). The Company represents and warrants to the Secured Party that as of the date hereof: (a) the Company's exact legal name is that indicated on its Perfection Certificate and on the signature page hereof, (b) the Company is an organization of the type and organized in the jurisdiction set forth in its Perfection Certificate, (c) the Perfection Certificate accurately sets forth the Company's organizational identification number or accurately states that the Company has none, (d) the Perfection Certificate accurately sets forth the Company's place of business or, if more than one, its chief executive office as well as the Company's mailing address if different and other locations of collateral, and (e) all other information set forth on the Perfection Certificate is accurate and complete;
- l. All of the Equipment and Inventory is located at the places specified on Annex 4 attached hereto;

- m. The chief place of business, the chief executive office and the office where the Company keeps its books and records are located at the places specified on the Perfection Certificate. The Company does not do business nor has the Company done business during the past six (6) years under any tradename or fictitious business name except as disclosed on the Perfection Certificate;
- n. None of the Collateral is of a type in which security interests or liens may be registered, recorded or filed under, or notice thereof given under, any federal statute or regulation except for the Intellectual Property described on Annex 3 attached hereto;
- o. No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or consent of any other Person is required either:
 - i. for the grant by any of the Grantors of the security interest granted hereby or for the execution, delivery or performance of this Agreement by any of the Grantors; or
 - ii. for the perfection of or the exercise by the Secured Party of its rights and remedies hereunder;except for the UCC Filing and authorizations, approvals and other actions by, and notices to, such authorities and/or bodies which have been duly received from or taken by or given to such entities prior to the date hereof; and
- p. Each Account constitutes the legally valid and binding obligation of the customer obligated to pay the same. The amount represented by the Grantor to the Secured Party from time to time as owing by each such customer is the correct amount actually and unconditionally owing, except for normal cash discounts and allowances where applicable. None of the Accounts is evidenced by a promissory note or other instrument other than a check.

Section 3. Collateral.

3.01 Pledge of Grantors. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, each Grantor hereby pledges, grants, collaterally assigns, hypothecates and transfers to the Secured Party, a security interest in and Lien upon all of such Grantor's right, title and interest in, to and under all personal property and other assets of such Grantor, whether now owned or hereafter acquired by or arising in favor of such Grantor, whether now existing or hereafter coming into existence, whether owned or consigned by or to, or leased from or to such Grantor and regardless of where located (all being collectively referred to herein as "Collateral"), including:

- a. Accounts;

- b. Documents;
- c. Equipment;
- d. General Intangibles;
- e. Goods;
- f. Fixtures;
- g. Instruments;
- h. Inventory;
- i. Investment Property;
- j. All deposit accounts, and all cash deposited therein, of the Company maintained with any bank or financial institution, and all other monies and property of the Company in the possession or under the control of the Secured Party;
- k. Letter-of-credit rights, commercial tort claims, supporting obligations and software (each as defined in the UCC);
- l. All books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data and data processing software that at any time evidence or contain information relating to any of the property described in subparts (a) - (k) above or are otherwise necessary or helpful in the collection thereof or realization thereon;
- m. Intentionally omitted;
- n. Proceeds of all or any of the property described in subparts (a) - (m) above; and
- o. Any other property of any kind which a Grantor may hereafter at any time deliver to the Secured Party to secure the obligations of the Grantors owed to the Secured Party;

but specifically excluding the items set forth on **Annex 2** hereto, (the "Excluded Collateral").

3.02 Negative Pledge Relating to Balakin Collateral. Pursuant to the terms of that certain Security Agreement, dated as of February 26, 2013 (the "2013 Security Agreement"), by and among the Company, Balakin, Wilmington Trust, National Association (the "Agent"), as agent for the holders of certain Senior Convertible Promissory Notes more particularly described therein (the "Bridge Notes"), the Company and Balakin granted a security interest to the Agent, as agent for the holders of the Bridge Notes, in the collateral as more fully described therein, including, without limitation, all rights, title and interests to the Patents and the Balakin Collateral. The Company acknowledges and agrees that the 2013 Security Agreement shall

terminate on the date hereof upon the issuance and sale of the Note and Warrants pursuant to the terms of the Subscription Agreement. The Company warrants, covenants and agrees that, for as long as this Agreement is in existence, it shall not (i) solicit or request Balakin to grant a security interest in the Balakin Collateral to any Person other than Secured Party or (ii) join in or otherwise obtain any benefit from Balakin pledging any of the Balakin Collateral to any Person other than Secured Party. Further, the Company covenants and agrees that it shall provide Secured Party with prompt written notice if the Company learns that Balakin pledges, grants a security interest or otherwise encumbers the Balakin Collateral.

Section 4. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 3 hereof, each Grantor hereby agrees with the Secured Party as follows:

4.01 Delivery and Other Perfection. Each Grantor shall:

- a. if any of the above-described shares, securities, monies or property required to be pledged by a Grantor under Section 3.01 hereof are received by a Grantor, forthwith either (x) transfer and deliver to the Secured Party such shares or securities so received by the Grantor (together with the certificates for any such shares and securities duly endorsed in blank or accompanied by undated stock powers duly executed in blank) all of which thereafter shall be held by the Secured Party, pursuant to the terms of this Agreement, as part of the Collateral or (y) take such other action as the Secured Party shall reasonably deem necessary or appropriate to duly record the Lien created hereunder in such shares, securities, monies or property referred to in Section 3.01;
- b. deliver and pledge to the Secured Party, at the Secured Party's request, any and all Instruments, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Secured Party may request; provided, that so long as no Event of Default shall have occurred and be continuing, each Grantor may retain for collection in the ordinary course any Instruments received by it in the ordinary course of business and the Secured Party shall, promptly upon request of each Grantor, make appropriate arrangements for making any other Instrument pledged by a Grantor available to it for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate by the Secured Party, against trust receipt or like document);
- c. give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary (in the reasonable judgment of the Secured Party) to create, preserve, perfect or validate any security interest granted pursuant hereto or to enable the Secured Party to exercise and enforce its rights hereunder with respect to such security interest, including, without limitation, causing any or all of the Collateral that is certificated to be transferred of record into the name of the Secured Party or its nominee (and the Secured Party

agrees that if any such Collateral is transferred into its name or the name of its nominee, the Secured Party will thereafter promptly give to any Grantor copies of any notices and communications received by it with respect to such Collateral), provided that notices to account debtors in respect of any Accounts or Instruments shall be subject to the provisions of Section 4.01(h) below;

- d. upon the acquisition after the date hereof by a Grantor of any Equipment covered by a certificate of title or ownership cause the Secured Party to be listed as the lienholder on such certificate of title and within one hundred twenty (120) days of the acquisition thereof (or such other time as the Secured Party may approve in its sole discretion) deliver evidence of the same to the Secured Party;
- e. keep accurate books and records relating to the Collateral, and, during the continuation of an Event of Default, stamp or otherwise mark such books and records in such manner as the Secured Party may reasonably require in order to reflect the security interests granted by this Agreement;
- f. furnish to the Secured Party from time to time (but, unless an Event of Default shall have occurred and be continuing, no more frequently than quarterly) statements and schedules further identifying and describing to the best of Grantor's knowledge and ability the material Balakin Collateral, Copyright Collateral, the Patent Collateral and the Trademark Collateral, respectively, and such other reports in connection with the Copyright Collateral, the Patent Collateral and the Trademark Collateral, as the Secured Party may reasonably request, all in reasonable detail;
- g. permit representatives of the Secured Party, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral, and permit representatives of the Secured Party to be present at a Grantor's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any notices or communications by a Grantor with respect to the Collateral, all in such manner as the Secured Party may reasonably require; provided, however, that so long as an Event of Default is not continuing, such visits shall be made not more than once per fiscal year at a Grantor's expense; and
- h. upon the occurrence and during the continuance of any Event of Default, upon request of the Secured Party, promptly notify each account debtor in respect of any Accounts or Instruments that such Collateral has been assigned to the Secured Party hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Secured Party.

4.02 Other Financing Statements and Liens. Except with respect to Permitted Indebtedness or as otherwise permitted under the Subscription Agreement, without the prior

written consent of the Secured Party, no Grantor shall file or authorize or permit to be filed, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Secured Party is not named as the sole secured party except for Permitted Liens.

4.03 Preservation of Rights. The Secured Party shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral. Anything herein to the contrary notwithstanding: (a) the Grantors shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by the Secured Party of any of the rights hereunder shall not release the Grantors from any of their duties or obligations under the contracts and agreements included in the Collateral; and (c) the Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Grantors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4.04 Special Provisions Relating to Certain Collateral.

a. Intellectual Property.

- i. For the purpose of enabling the Secured Party to exercise rights and remedies under Section 4.05 hereof during the continuance of an Event of Default and at such time as the Secured Party shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Secured Party, to the extent assignable an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired by a Grantor, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof, and represents, promises and agrees that, to Grantor's knowledge, any such license or sublicense is not and will not be in conflict with the contractual or commercial rights of any third Person.
- ii. Notwithstanding anything contained herein to the contrary, so long as no Event of Default shall have occurred and be continuing and so long as the Company has not received notice from the Secured Party of the termination of a Grantor's rights with respect thereto as a result of such Event of Default, a Grantor will be permitted to exploit, use, enjoy, protect, license or sublicense the Intellectual Property in the ordinary course of the business of a Grantor. In furtherance of the foregoing, unless an Event of Default shall have occurred and is continuing, the Secured Party shall from time to time, upon the request of a Grantor and at its sole expense, execute and deliver any instruments, certificates or other documents, in the

form so requested, which a Grantor shall have certified are appropriate (in its reasonable judgment) to allow it to take any action permitted above (including relinquishment of the license provided pursuant to clause (i) immediately above as to any specific Intellectual Property). Further, upon the payment in full of all of the Secured Obligations or earlier expiration of this Agreement or release of the Collateral, the license granted pursuant to clause (i) immediately above shall be deemed to have terminated of its own accord and shall be of no further force or effect. The exercise of rights and remedies under Section 4.05 hereof by the Secured Party shall not terminate the rights of the holders of any licenses or sublicenses theretofore granted by a Grantor in accordance with the first sentence of this clause (ii).

- b. Recordation. The Company hereby authorizes the Commissioner for Patents and any other government officials to record and register this Agreement upon request by the Secured Party.
- c. Deposit Accounts. For each deposit account that a Grantor at any time opens or maintains, the Grantor shall request the depository bank to enter into with the Secured Party an Account Control Agreement. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from the Grantor, unless an Event of Default has occurred and is continuing, or, after giving effect to any withdrawal not otherwise permitted by the Transaction Documents, would occur. The provisions of this Section shall not apply to (i) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Company's salaried employees, and (ii) to any deposit accounts, including, but not limited to, any customer escrow accounts, specifically and exclusively used for amounts held in escrow for the benefit of Grantor, the distribution of such is subject to an agreement between Grantor and a third party customer (it being acknowledged and agreed that PII may not escrow any funds for PILLC or any other affiliate without the Secured Party's prior written approval).

4.05 Events of Default, etc. During the period during which an Event of Default shall have occurred and be continuing:

- a. Each Grantor shall, at the request of the Secured Party, assemble the Collateral owned by it at such place or places, reasonably convenient to both the Secured Party and each Grantor, designated in its request;
- b. the Secured Party may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral with the consent of each Grantor, which shall not be unreasonably withheld or delayed;

- c. the Secured Party shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, (x) to withdraw all cash in any deposit account subject to an Account Control Agreement and (y) to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Secured Party were the sole and absolute owner thereof (and each Grantor agree to take all such action as may be appropriate to give effect to such right);
- d. the Secured Party in its discretion may, in its name or in the name of a Grantor, or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;
- e. the Secured Party may, upon thirty (30) days' prior written notice to a Grantor of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Secured Party, or any of its respective agents, sell, lease, assign or otherwise dispose of all or any of such Collateral, at such place or places as the Secured Party deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place thereof (except such notice as is required above or by applicable statute and cannot be waived), and the Secured Party or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of any Grantor, any such demand, notice or right and equity being hereby expressly waived and released. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, the goodwill of the Business connected with and symbolized by the Trademark Collateral subject to such disposition shall be included, and each Grantor shall supply to the Secured Party or its designee, for inclusion in such sale, assignment or other disposition, all Intellectual Property relating to such Trademark Collateral. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned;

- f. The Proceeds of each collection, sale or other disposition under this Section 4.05, including by virtue of the exercise of the license granted to the Secured Party in Section 4.04(a)(i) hereof, shall be applied in accordance with Section 4.09 hereof;
- g. Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws, the Secured Party may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales to an unrelated third party in an arm's length transaction may be at prices and on terms less favorable to the Secured Party than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Secured Party shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the respective issuer thereof to register it for public sale; and
- h. Each of the parties to this Agreement agrees that the Secured Party shall not be deemed to have knowledge of an Event of Default until the Secured Party is informed in writing of such Event of Default specifying the details thereof by a Grantor.

4.06 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 4.05 hereof are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Company shall remain liable for any deficiency.

4.07 Removals, etc. Without at least thirty (30) days' prior written notice to the Secured Party or unless otherwise required by law, each Grantor shall not (a) maintain any of its books or records with respect to the Collateral at any office or maintain its chief executive office or its principal place of business at any place, or permit any Inventory or Equipment to be located anywhere other than the locations identified in Annex 4 hereto or in transit from one of such locations to another or (b) change its corporate name, or the name under which it does business, from the name shown on the signature page hereto. If any Collateral is at any time in the possession or control of any warehouseman, bailee or any of the Company's agent or processors, the Company shall, upon the request of the Secured Party, notify such warehouseman, bailee, investor or processor of the security interests created hereby, shall instruct such person to hold all such Collateral for the Secured Party's account subject to the Secured Party's instructions and shall obtain from each such Person a letter in form and substance satisfactory to the Secured Party with respect to such Collateral. If any Collateral is at any time located on premises leased or licensed by a Grantor, such Grantor shall notify the lessor of each such leased or licensed premises of the security interests created hereby and shall obtain from each such Person a consent substantially in the form of Annex 8 hereto with respect to such Collateral.

4.08 Private Sale. The Secured Party shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale to an unrelated third party in an arm's length transaction pursuant to Section 4.05 hereof conducted in a commercially reasonable manner. Each Grantor hereby waive any claims against the Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree.

4.09 Application of Proceeds. Except as otherwise herein expressly provided, the Proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Secured Party under this Section 4, shall be applied by the Secured Party:

- a. First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Secured Party and the fees and expenses of its agents and counsel, and all expenses, and advances made or incurred by the Secured Party in connection therewith;
- b. Next, to the payment in full of the Secured Obligations in each case equally and ratably in accordance with the respective amounts thereof then due and owing to the Secured Party; and
- c. Finally, to the payment to the Grantors, or their successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used in this Section 4, "Proceeds" of Collateral shall include all cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of a Grantor or any issuer of or obligor on any of the Collateral.

4.10 Attorney-in-Fact.

- a. Each Grantor hereby irrevocably appoints the Secured Party as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, the Secured Party or otherwise, from time to time, upon the occurrence and during the continuance of an Event of Default, in the Secured Party's reasonable discretion to take any action and to execute any instrument that the Investor may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:
 - i. to obtain and adjust insurance required to be paid to the Secured Party;

- ii. to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
 - iii. to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clauses (i) and (ii) above;
 - iv. to file any claims or take any action or institute any proceedings that the Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral;
 - v. to pay or discharge taxes or Liens levied or placed upon or threatened against the Collateral the legality or validity thereof and the amounts necessary to discharge the same to be determined by the Secured Party in its sole discretion, and such payments made by the Secured Party to become obligations of the Grantor to the Secured Party, due and payable immediately without demand;
 - vi. to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, assignments, verifications and notices in connection with Accounts; and
 - vii. generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Secured Party's option and the Grantor's expense, at any time or from time to time, all acts and things that the Grantor reasonably deems necessary to protect, preserve or realize upon the Collateral.
- b. Notwithstanding any limitation on the exercise of the Secured Party's power contained in (a) above, each Grantor hereby irrevocably appoints the Secured Party as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, the Secured Party or otherwise, at all times and from time to time, in the Secured Party's discretion, to file any financing statements, continuation statements and other documents necessary or advisable to perfect the Security Interests relating to the Collateral that (x) indicate the Collateral (A) as "all assets" of the Company or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of such jurisdiction, or (B) as being of an equal or lesser scope or with greater detail, and (y) contain any other information required by Part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment.

- c. Neither the Secured Party nor any person designated by the Secured Party shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law unless the same shall constitute gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as this Agreement shall remain in force.
- d. Without limiting the generality of the foregoing, so long as the Secured Party shall be entitled under this Section 4 to make collections in respect of the Collateral, the Secured Party shall have the right and power to receive, endorse and collect all checks made payable to the order of a Grantor representing any dividend, payment, or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

4.11 Perfection. (a) Concurrently with the execution and delivery of this Agreement, each Grantor shall file such financing statements and other documents in such offices as the Secured Party may reasonably request to perfect the security interests granted by Section 3 of this Agreement that may be perfected by such filing; and (b) each Grantor grants control over any deposit accounts to the Secured Party, which shall be pursuant to the Account Control Agreement, among the applicable Grantor, the Secured Party and the bank where the applicable Grantor has account with, a form of which is attached hereto on Annex 7. The Company acknowledges that it and he is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Secured Party until such time that the Secured Obligations have been paid in full and agrees that it will not do so without the prior written consent of the Secured Party.

4.12 Termination. When all Secured Obligations shall have been paid in full under the Note and Subscription Agreement, this Agreement shall terminate, and the Secured Party shall, forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of any Grantor and to be released and cancelled all licenses and rights referred to in Section 4.04(a)(i) hereof. The Secured Party shall also execute and deliver to any Grantor upon such termination such UCC termination statements, certificates for terminating the Liens on the Motor Vehicles and such other documentation as shall be reasonably requested by such Grantor to effect the termination and release of the Liens on the Collateral. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 4.13 and 4.15 shall survive termination of this Agreement.

4.13 Expenses. The Company agrees to pay to the Secured Party and any Secured Party professional all reasonable out-of-pocket costs and expenses (including reasonable costs and expenses for legal services of every kind) of, or incident to, any amendments, modifications, waivers, extensions, renewals, renegotiations or "workouts" of the provisions hereof or in any other Transaction Document, the enforcement of any of the provisions of this Agreement, or performance by the Secured Party of any obligations of the Company in respect of the Collateral which the Company has failed or refused to perform upon reasonable notice, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Secured Party in respect thereof, by litigation or otherwise, including expenses of

insurance, and all such expenses shall be Secured Obligations to the Secured Party secured under Section 3 hereof. Any amount due under this Section 4.13 and unpaid ten (10) Business Days after request for such payment will bear interest from the expiration of such ten (10) Business Days at a rate per annum equal to the "default rate" provided for in Section 1 of the Note, payable on demand. If not timely paid by the Company, at the Secured Party's election all amounts so payable and the interest thereon will be payable out of any assets in the possession of the Secured Party and any other Collateral in priority to amounts owing to any and all other parties to this Agreement.

4.14 Further Assurances. The Grantors agrees that, from time to time upon the written reasonable request of the Secured Party, he or it will execute and deliver such further documents and do such other acts and things as the Secured Party may reasonably request or deem desirable (i) in order fully to effect the purposes of this Agreement, (ii) to protect, preserve and maintain Secured Party's rights in any Collateral, or (iii) to enable Secured Party to exercise all or any of the rights and powers herein granted.

4.15 Indemnity. The Company hereby jointly and severally covenants and agrees to reimburse, indemnify and hold the Secured Party harmless from and against any and all claims, actions, judgments, damages, Losses, liabilities, costs, transfer or other taxes, and expenses (including, without limitation, reasonable attorneys' fees and expenses) ("Covered Losses") incurred or suffered, arising out of or incident to any investigation, proceeding or litigation arising out of this Agreement or any other Transaction Document or the administration of the Secured Party's duties hereunder, or resulting from its actions or inactions as Secured Party, except to the extent that such Covered Losses are found by a final non-appealable judgment of a court of competent jurisdiction to have occurred as a direct result of gross negligence or willful misconduct by Secured Party.

4.16 Intentionally Omitted.

4.17 Conduct of Business. The Company (i) shall conduct its business substantially as now conducted or as otherwise permitted hereunder, and (ii) shall at all times maintain, preserve and protect all of the Collateral and the Company's other property, used or useful in the conduct of its Business and keep the same in good repair, working order and condition (ordinary wear and tear excepted) and make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices.

4.18 Negative Covenants. The Company covenants and agrees that, without Secured Party's prior written consent, which such consent shall not be unconditionally withheld, conditioned or delayed, the Company shall not, directly or indirectly, by operation of law or otherwise:

- a. form any Subsidiary, unless such Subsidiary becomes a joinder party hereto;
- b. merge with, consolidate with, acquire all or substantially all of the assets or capital stock of, or otherwise combine with any Person, unless otherwise permitted by the Note;

- c. cancel any debt owing to it or create, incur, assume or permit to exist any Indebtedness, except Permitted Indebtedness;
- d. enter into any lending, borrowing or other commercial transaction with any of its employees, directors or affiliates (as defined in the Exchange Act), except as the same are on terms no less favorable to the Company than would be obtained from independent third parties;
- e. make any changes in any of its business objectives, purposes, or operations that could reasonably be expected to adversely affect repayment of the Secured Obligations or could reasonably be expected to have a Material Adverse Effect or engage in any business other than that presently engaged in or without notice to Secured Party amend its charter or by-laws or other organizational documents (which such notice shall be delivered no less than thirty (30) days prior to the effective date of any such amendment);
- f. create or permit any Lien on any of its properties or assets, except for Permitted Liens;
- g. sell, transfer, issue, convey, assign or otherwise dispose of any of its assets or properties, including its Accounts or engage in any sale-leaseback, synthetic lease or similar transaction (provided, that the foregoing shall not prohibit the sale of Inventory or obsolete or unnecessary Equipment in the ordinary course of its business);
- h. change (i) its name as it appears in official filings in the state of its incorporation or organization, (ii) its chief executive office, corporate offices, warehouses or other Collateral locations, or location of its records concerning the Collateral, (iii) the type of legal entity that it is, (iv) its organization identification number, if any, issued by its state of incorporation or organization, or (v) its state of incorporation or organization, or acquire, lease or use any real estate after the Closing Date without such Person, in each instance, giving thirty (30) days prior written notice thereof to Secured Party and taking all actions deemed necessary or appropriate by Secured Party to continuously protect and perfect Secured Party's Liens upon the Collateral;
- i. establish any depository or other bank account of any kind with any financial institution (other than the accounts set forth on Schedule 2(h)) without the Secured Party's prior written consent; or
- j. make or permit any payment by PII to PILLC pursuant to the terms of the Rights Agreement or otherwise.

Section 5. Miscellaneous provisions.

5.01 Intentionally Omitted.

5.02 No Waiver. No failure on the part of the Secured Party or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Secured Party or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

5.03 Governing Law; Jurisdiction; Service of Process; Judgment Currency.

(a) ALL ISSUES AND QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) Any legal action or proceeding with respect to this Agreement may be brought in the courts of the States of New York or of the United States of America sitting in New York County and, by execution and delivery of this Agreement, each Party hereto hereby accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Party hereby irrevocably waives, in connection with any such action or proceeding, any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which they may now or hereafter have to the bringing of any such action or proceeding in such respective jurisdictions.

(c) Nothing herein shall affect the right of any Party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any Party in any other jurisdiction. Each Party hereby waives any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated hereunder.

(d) If for the purposes of obtaining judgment in any court in any jurisdiction or for any other purpose hereunder it becomes necessary to convert into the currency of such jurisdiction ("Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made in accordance with the normal banking procedures of the Secured Party as secured parties at the rate of exchange prevailing on the last Business Day before the day on which judgment is given. In the event that there is a change in the rate of exchange prevailing between the last Business Day before the day on which the judgment is given and the date of payment of the amount due, the debtor shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency.

5.04 Notices. All notices or communications under this Agreement shall be mailed, certified mail return receipt requested, postage prepaid, or delivered by a direct or nationally recognized overnight courier to the intended recipient at its address or telex number specified pursuant to the signature pages to this Agreement. Rejection or other refusal to accept, or the inability to deliver because of a changed address of which no notice was given, shall not affect the effectiveness or the date of delivery for any notice sent in accordance with the foregoing provisions. Each such notice, request or other communication shall be deemed sufficiently given, served, sent and received for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the affidavit of the messenger or the answer back being deemed conclusive (but not exclusive) evidence of such delivery) or at such time as delivery is refused by addressee upon presentation.

5.05 Amendments, Waivers, etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the Company and the Secured Party. Any such amendment or waiver shall be binding upon each of the Secured Party, Balakin, and each of the Grantors.

5.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of any Grantor and the Secured Party (provided, however, that no Grantor shall assign or transfer its rights or obligations hereunder without the prior written consent of the Secured Party).

5.07 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile and Adobe PDF counterparts), all of which together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

5.08 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

5.09 Waiver of Jury Trial. The Parties each hereby waives any right it may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with any of the Transaction Documents and/or the transactions contemplated thereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be signed, by their respective duly authorized officers or directly, as of the date first written above.

GRANTORS:

PROTOM INTERNATIONAL, INC.

By:  _____

Name: Stephen L. Spotts

Title: President and Chief Executive Officer

Address: 1100 Parker Square, Suite 230
Flower Mound, TX 75028

PROTOM INTERNATIONAL, LLC

By:  _____

Name: Stephen L. Spotts

Title: Managing Member

Address: 1100 Parker Square, Suite 230
Flower Mound, TX 75028

SECURED PARTY:

MICHAELSON CAPITAL SPECIAL
FINANCE FUND LP

By: Michaelson Capital Special Finance
Management, LLC, its general partner

By: _____

Print Name:

Address:

TRADEMARK

REEL: 005316 FRAME: 0622

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be signed, by their respective duly authorized officers or directly, as of the date first written above.

GRANTORS:

PROTOM INTERNATIONAL, INC.

By: _____
Name: Stephen L. Spotts
Title: President and Chief Executive Officer
Address: 1100 Parker Square, Suite 230
Flower Mound, TX 75028

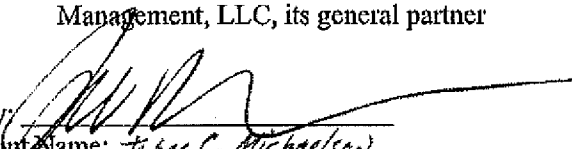
PROTOM INTERNATIONAL, LLC

By: _____
Name: Stephen L. Spotts
Title: Managing Member
Address: 1100 Parker Square, Suite 230
Flower Mound, TX 75028

SECURED PARTY:

MICHAELSON CAPITAL SPECIAL
FINANCE FUND LP

By: Michaelson Capital Special Finance
Management, LLC, its general partner

By: 
Print Name: John C. Michaelson
Address: 400 Madison Avenue, Suite 2A
New York, NY 10017-1995

Removed and reserved.

ANNEX 1

EXCLUDED COLLATERAL

1. \$1,000,000 being held in escrow—subject to the placement of a purchase order under that certain Purchase Agreement, dated February 15, 2012, by and between PII and Atlantic Health System, Inc., a New Jersey not-for-profit corporation—in an interest-bearing account, Bank of America Account Number 4880-2310-7434, but only until such time as it is released to PII pursuant to such agreement, at which time it shall automatically become part of the Collateral.

2. Property that constitutes the capital stock of a controlled foreign corporation (as defined in the Internal Revenue Code of 1986, as amended), in excess of sixty-five percent (65%) of the voting power of all classes of capital stock of such controlled foreign corporation entitled to vote.

3. The Amended Agreement dated April 22, 2008 among PILLC, PII, Balakin, and ZAO ProTom, as amended by (i) the Amendment to Amended Agreement dated October 16, 2008, (ii) the Amendment to Agreement dated March 26, 2009, (iii) the Agreement and Amendment dated March 12, 2010, and (iv) the Amendment to Agreement dated December 30, 2013, among PILLC, Balakin, and ZAO ProTom (the "**Balakin Agreement**"), but (a) only to the extent that the granting of a security interest therein is specifically prohibited by, would constitute an event of default under, or would grant a party a termination right under the Balakin Agreement (unless such prohibition is not enforceable under applicable law), and (b) provided that upon the cessation of any such restriction or prohibition, the Balakin Agreement shall automatically become part of the Collateral.

PATENTS, COPYRIGHTS AND TRADEMARKS

List of U.S. Patents

	Title	Application Number	Patent Number	Filed	Issued
1	CHARGED PARTICLE BEAM EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/425683	7939809	4/17/2009	5/10/2011
2	CHARGED PARTICLE CANCER THERAPY PATIENT POSITIONING METHOD AND APPARATUS	12/558504	8288742	09/12/2009	10/16/2012
3	MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS COORDINATED WITH PATIENT RESPIRATION	12/464,816	8129699	05/12/2009	3/6/2012
4	CHARGED PARTICLE BEAM ACCELERATION AND EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/499,669	8089054	07/08/2009	1/3/2012
5	MULTI-AXIS / MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	12/714,504	8614429	02/28/2010	12/24/2013
6	MULTI-AXIS / MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	12/985,039	8598543	01/05/2011	12/3/2013
7	CHARGED PARTICLE BEAM ACCELERATION AND EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/497,829	8067748	07/06/2009	11/29/2011
8	MAGNETIC FIELD CONTROL METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/545,815	8188688	08/22/2009	5/29/2012

9	METHOD AND APPARATUS COORDINATING SYNCHROTRON ACCELERATION PERIODS WITH PATIENT RESPIRATION PERIODS	12/707,533	8624528	02/17/2010	1/7/2014
10	MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	12/636,745	8436327	12/13/2009	5/7/2013
11	INTENSITY MODULATED THREE-DIMENSIONAL RADIATION SCANNING METHOD AND APPARATUS	12/711,609	8569717	02/24/2010	10/29/13
12	CHARGED PARTICLE CANCER THERAPY DOSE DISTRIBUTION METHOD AND APPARATUS	12/687,387	8642978	01/14/2010	2/4/2014
13	CHARGED PARTICLE CANCER THERAPY X-RAY MATHOD AND APPARATUS	12/492,216	8045679	06/26/2009	10/25/2011
14	ELONGATED LIFETIME X-RAY METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/492,515	7940894	06/26/2009	5/10/2011
15	SYNCHRONIZED X-RAY / BREATHING METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/637,918	7953205	12/15/2009	5/31/2011
16	X-RAY TOMOGRAPY METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/606,913	8144832	10/27/2009	3/27/2012
17	SEMI-VERTICAL POSITIONING METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/493,205	8627822	06/28/2009	1-14-2014
18	CHARGED PARTICLE CANCER THERAPY AND PATIENT POSITIONING METHOD AND APPARATUS	12/554,913	8378321	09/06/2009	2/19/2013
19	CHARGED PARTICLE CANCER THERAPY AND PATIENT BREATH MONITORING METHOD AND APPARATUS	12/561,675	8309941	09/17/2009	11/13/12
20	PATIENT IMMOBILIZATION AND REPOSITIONING METHOD AND	12/636,725	8373143	12/12/2009	2/12/2013

	APPARATUS USED IN CONJUNCTION WITH CHARGED PARTICLE CANCER THERAPY				
21	METHOD AND APPARATUS FOR INTENSITY CONTROL OF A CHARGED PARTICLE BEAM EXTRACTED FROM A SYNCHROTRON	12/552,079	8368038	09/01/2009	2/05/2013
22	CHARGED PARTICLE CANCER THERAPY SYSTEM MAGNET CONTROL METHOD AND APPARATUS	12/542,155	8373145	08/17/2009	2/12/2013
23	NEGATIVE ION SOURCE METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/567,901	7943913	09/28/2009	05/17/2011
24	NEGATIVE ION BEAM SOURCE VACUUM METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/571,589	8129694	10/01/2009	3/6/2012
25	ION BEAM FOCUSING LENS METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/564,367	8093564	09/22/2009	1/10/2012
26	TANDEM ACCELERATOR METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/614,733	8198607	11/09/2009	6/12/2012
27	PROTON BEAM POSITIONING VERIFICATION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/618,718	8178859	11/14/2009	5/15/2012
28	RF ACCELERATOR METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYTEM	12/619,278	8373146	11/16/2009	2/12/2013
29	CHARGED PARTICLE CANCER THERAPY BEAM PATH CONTROL METHOD AND APPARATUS	12/785,434	8710462	05/22/2010	4/29/2014
30	CHARGED PARTICLE BEAM	13/290068	8415643	11/5/2011	4/09/2013


	ACCELERATION AND EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM				
31	CHARGED PARTICLE CANCER THERAPY X-RAY METHOD AND APPARATUS	13/214065	8625739	8/9/2011	1/07/2014
32	MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	13/254431	--	3-04-2009	--
33	CHARGED PARTICLE EXTRACTION APPARATUS AND METHOD OF USE THEREOF	13/197480	8399866	8/3/2011	3/19/2013
34	SYNCHROTRON POWER SUPPLY APPARATUS AND METHOD OF USE THEREOF	13/196720	8637833	8/2/2011	1/28/2014
35	SYNCHROTRON POWER CYCLING APPARATUS AND METHOD OF USE THEREOF	13/196395	8378311	8/2/2011	2/19/2013
36	SYNCHRONIZED X-RAY/BREATHING METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	13/100102	8374314	5/3/2011	2/12/2013
37	CHARGED PARTICLE BEAM EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/994126	--	5/21/2009	--
38	MULTI-FIELD CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	12/994130	--	5/21/2009	--
39	CHARGED PARTICLE CANCER THERAPY PATIENT POSITIONING METHOD AND APPARATUS	12/994125	8688197	5/21/2009	4/01/2014
40	PROTON TOMOGRAPHY APPARATUS AND METHOD OF OPERATION THEREFOR	13/087096	--	4/14/2011	--
41	ELONGATED LIFETIME X-RAY METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	13/041365	8229072	3/5/2011	7/24/2012
42	CHARGED PARTICLE CANCER	12/994132	--	5/21/2009	--

	THERAPY BEAM PATH CONTROL METHOD AND APPARATUS				
43	CHARGED PARTICLE BEAM ACCELERATION METHOD AND APPARATUS AS PART OF A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/994117	--	5/21/2009	--
44	CHARGED PARTICLE BEAM EXTRACTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	13/023394	8384053	2/8/2011	2/26/2013
45	X-RAY METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/994129	8487278	5/21/2009	7/16/2013
46	CHARGED PARTICLE CANCER THERAPY IMAGING METHOD AND APPARATUS	13/033293	8519365	2/23/2011	8/27/2013
47	MULTI-AXIS CHARGED PARTICLE CANCER THERAPY METHOD AND APPARATUS	12/994120	--	5/21/2009	--
48	CHARGED PARTICLE BEAM INJECTION METHOD AND APPARATUS USED IN CONJUNCTION WITH A CHARGED PARTICLE CANCER THERAPY SYSTEM	12/994106	--	5/21/2009	--
49	TREATMENT DELIVERY CONTROL SYSTEM AND METHOD OF OPERATION THEREOF	13/788890	--	3/7/13	--

List of U.S. Copyrights

None.

List of U.S. Trademarks

	Mark	Serial No.	Reg. No.	Goods/Services
1	PROTOM	86-089605	--	Proton therapy system, namely, a machine that produces and delivers high energy proton beams to treat cancer patients
2	 PROTON therapy technologies	86-089608	--	Proton therapy system, namely, a machine that produces and delivers high energy proton beams to treat cancer patients
3	PROTOM INTERNATIONAL, INC.	86-089604	--	Proton therapy system, namely, a machine that produces and delivers high energy proton beams to treat cancer patients
4	RADIANCE 330	85-343266	4,250,866	Proton therapy system, namely, a machine that produces and delivers high energy proton beams to treat cancer patients
5	FIDELITY BEAM SCANNING	--	--	Unregistered common law mark used in association with ProTom International, Inc.'s offerings of goods and services relating to scanned proton beam delivery.
6	PROTOM TOMOGRAPHY	--	--	Unregistered common law mark used in association with ProTom International, Inc.'s offerings of goods and services relating to proton radiography and proton CT.

ANNEX 4

COLLATERAL LOCATIONS

1. 1100 Parker Square, Suite 230, Flower Mound, TX 75028

PERMITTED INDEBTEDNESS

The following listed items, together with trade accounts payable, constitute all outstanding indebtedness of PII:

1. Parker Square Office Space Lease Obligation – American National Bank
2. Konica Minolta Copier Lease – Navitas Lease Finance Corp.
3. Edgewater Office Park Lease Obligation – 401 Edgewater LLC

ANNEX 6

Removed and reserved.

ANNEX 7

ACCOUNT CONTROL AGREEMENT

See attached.

ANNEX 8

LANDLORD'S WAIVER AND CONSENT

See attached.

LANDLORD'S WAIVER AND CONSENT

TO: Michaelson Capital Special Finance Fund LP
c/o Michaelson Capital Partners, LLC
Attention: Vincent S. Capone
Chief Operating Officer & General Counsel
400 Madison Avenue, Suite 2A
New York, NY 10017

PROTOM INTERNATIONAL, INC., a Delaware corporation (the "Company"), is the lessee/licensee under that certain [Lease] dated _____, _____ between the Company and the undersigned covering the premises located at _____ (the "Premises") more fully described in the lease attached hereto, and made a part hereof by this reference as Exhibit A (the "Lease"). The undersigned is the owner in fee simple of the Premises and the lessor of the Premises and has full power and authority to lease the Premises to the Company. As of this date, the Company occupies the Premises and has not previously assigned or sublet the Premises. The Company has certain of its assets located on the Premises.

The Company has entered into certain financing arrangements with Michaelson Capital Special Finance Fund LP (the "Investor") and, as a condition to the Investor's loan and other financial accommodations to the Company, the Investor requires, among other things, first liens on substantially all of the Company's property located on the Premises, whether or not affixed to the real estate or the improvements thereon ("Collateral").

To induce the Investor (together with their agents and assigns) to enter into said financing arrangements, and for other good and valuable consideration, the undersigned hereby:

- (i) agrees and warrants that: Exhibit A attached hereto is a true and complete copy of the Lease as in full force and effect on the date hereof, the rent has been paid through the date hereof and the Company is not currently in material default thereunder and that no condition exists which, with the giving of notice or the passage of time or both would give rise to a default thereunder;
- (ii) agrees that it will not assert against any of the Company's assets any statutory or possessory liens, including, without limitation, rights of levy or distraint for rent, all of which it hereby waives;
- (iii) agrees that none of the Collateral located on the Premises, shall be deemed to be permanent fixtures, regardless of whether such items are permanently affixed to the property;

(iv) agrees that it will notify the Investor if the Company defaults on its lease obligations to the undersigned and allow the Investor thirty (30) days from its receipt of notice in which to cure or cause the Company to cure any such defaults;

(v) agrees that if, for any reason whatsoever, the undersigned either deems itself entitled to redeem or to take possession of the Premises during the term of the Lease or intends to sell or otherwise transfer all or any part of its interest in the Premises, the undersigned will notify the Investor thirty (30) days before taking such action;

(vi) agrees that if the Company defaults on its obligations to the Investor and, as a result, the Investor undertakes to enforce its security interest in the Collateral, the undersigned will cooperate with the Investor in the Investor's efforts to assemble and/or remove the Collateral located on the Premises, will permit the Investor to remain on the Premises so long as the Investor pays the regular periodic rental payments due under the Lease for the period of time the Investor uses the Premises, and will not hinder the Investor's actions in enforcing its liens on the Collateral, it being agreed that use or occupancy of the Premises by the Investor as set forth herein shall not constitute an assumption by the Investor of the Lease or of any obligations thereunder; and

(vii) agrees that if the Company defaults on its obligations to the Investor and, as a result the Investor undertakes to enforce its security interests, the Investor, or any assignee of the Investor reasonably acceptable to the undersigned, may take possession of the property leased to the Company pursuant to the Lease and succeed to the Company's rights under the Lease, provided that the Investor or such assignee cure any monetary defaults of the Company under the Lease susceptible of being cured in existence at that time, and agrees to be bound by the terms of the Lease for the remainder of the term of the Lease.

Any notice(s) required or desired to be given hereunder shall be directed to the party to be notified at the address stated herein.

The agreements contained herein shall continue in force until (i) all of the Company's obligations and liabilities to the Investor are paid and satisfied in full, or (ii) all financing arrangements and agreements between the Investor and the Company have been terminated.

The undersigned will notify all successor owners, transferees, purchasers and mortgagees of the existence of this waiver and consent. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns and personal representatives of the undersigned, upon any successor owner or transferee of the Premises, and upon any purchasers, including any mortgagee, from the undersigned and shall inure to the benefit of the Investor and its successors and assigns.

Executed and delivered this _____ day of _____, _____.

[LANDLORD]

By: _____

Title: _____

Address for Notices:

State of _____)
) ss
County of _____)

I, _____, a Notary Public, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, of _____, a _____ and _____, of _____ whose names, are subscribed to the foregoing instrument as such _____ and _____, respectively, appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth; and said _____ then and there acknowledged that he, as custodian of the corporate seal of said Company, did affix the corporate seal of said Company to said instrument as his own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this _____ day of _____, _____.

Notary Public

My Commission Expires:

EXHIBIT A

TO LANDLORD'S WAIVER AND CONSENT

Lease
(Attached)

SCHEDULE 2(A)

OWNERSHIP OF COLLATERAL

None.

SCHEDULE 2(H)

BANK ACCOUNTS

COMPANY NAME	FINANCIAL INSTITUTION	ACCOUNT NUMBER	CONTACT INFORMATION
ProTom International, Inc.	CitiBank CBO Services	Checking: 4970607266	Jonathan DiMarco (203) 975-5034
ProTom International, Inc.	Regions Bank, NA	Checking: 0193732864	Bill Horton (205) 264-4610
Escrow Account for the benefit of Atlantic Health System, Inc. and ProTom International, Inc.	Regions Bank, NA	Escrow: 0193732864	Bill Horton (205) 264-4610

SCHEDULE 2(J)

PAYMENTS BY PII TO PILLC

None.