


05-07-2004

Form PTO-1594 (Rev. 10/02)
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Y U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

<p>1. Name of conveying party(ies): <u>S-4-04</u> PVI Virtual Media Services, LLC</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation-State <input checked="" type="checkbox"/> Other <u>Limited Liability Company</u></p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies) Name: <u>PVI Holding, LLC</u> Internal Address: <u>c/o Cablevision Systems Corp.</u> Street Address: <u>1111 Stewart Avenue</u> City: <u>Bethpage</u> State: <u>NY</u> Zip: <u>11714</u></p> <p><input type="checkbox"/> Individual(s) citizenship <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Corporation-State <input checked="" type="checkbox"/> Other <u>Limited Liability Company</u></p> <p><small>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input type="checkbox"/> No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</small></p>
<p>3. Nature of conveyance: <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> <p>Execution Date: <u>5-3-04</u></p>	<p>4. Application number(s) or registration number(s): A. Trademark Application No.(s) _____ B. Trademark Registration No.(s) <u>74690734,</u> <u>75322788</u></p> <p style="text-align: center;">Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>5. Name and address of party to whom correspondence concerning document should be mailed: Name: <u>Marsha E. Novick, Esq.</u> Internal Address: <u>Stevens & Lee, P.C.</u> Street Address: <u>600 College Road East</u> City: <u>Princeton</u> State: <u>NJ</u> Zip: <u>08540</u></p>	<p>6. Total number of applications and registrations involved: 2</p> <p>7. Total fee (37 CFR 3.41).....\$ <u>65.00</u> <input checked="" type="checkbox"/> Enclosed <input type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit account number: _____</p>
DO NOT USE THIS SPACE	
<p>9. Signature.</p> <p style="text-align: center;"><u>JAMES GREEN</u>  <u>5/3/04</u> Name of Person Signing Signature Date</p> <p style="text-align: center;"><small>Total number of pages including cover sheet, attachments, and document: 1a</small></p>	

Mail documents to be recorded with required cover sheet information to:
 Commissioner of Patent & Trademarks, Box Assignments
 Washington, D C 20231

05/06/2004 MGETACHE 00000073 74690734

01 FC:8521 40.00 OP
 02 FC:8522 25.00 OP

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of May 3, 2004 and is by and between PVI VIRTUAL MEDIA SERVICES, LLC, a Delaware limited liability company (the "Debtor"), and PVI HOLDING, LLC, a Delaware limited liability company (the "Secured Party").

WHEREAS, the Debtor is entering into a Note Purchase Agreement with the Secured Party dated the date hereof (the "Purchase Agreement"), pursuant to which the Debtor shall purchase and the Secured Party shall sell the Convertible Notes (as such term is defined in the Purchase Agreement); and

WHEREAS, it is a precondition to the execution and delivery by the Secured Party of the Purchase Agreement that this Security Agreement be executed and delivered by the Debtor to secure the Debtor's obligations under the Purchase Agreement and the Convertible Notes;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Purchase Agreement.

2. Security Interest.

2.1 Creation of Security Interest. In order to secure: (i) payment of the Convertible Debt, (ii) all costs and expenses incurred in collection or conversion of the Convertible Debt, and (iii) payment and performance of any other amounts or obligations due to the Secured Party pursuant to the Convertible Notes, including all costs of collection and enforcement of the foregoing, and all obligations of the Debtor now or hereafter existing under this Security Agreement or the Purchase Agreement (all such obligations under this Section 2.1, the "*Secured Obligations*"), the Debtor, in consideration of the acceptance by the Secured Party of the Convertible Notes, hereby grants to the Secured Party a security interest in all of the assets, rights and other property of the Debtor, now existing or hereafter acquired, including, without limitation, the membership interests in and other securities of Princeton Video Image Latin America, L.L.C., Princeton Video Image Israel, Ltd ("PVII"), PVI LA, L.L.C. and Publicidad Virtual, S.A. de C.V. and the assets, rights and other property described in Schedule A attached hereto (collectively, the "*Collateral*").

2.2 Possession: Use of Collateral. So long as no Event of Default has occurred and be continuing, the Debtor shall be entitled to the possession of the Collateral and to use and enjoy the same; *provided*, that the Secured Party shall be entitled to hold all Collateral to the extent possession is necessary or advisable to perfect its security interest.

2.3 Filings. Concurrently with the execution of this Security Agreement, Debtor is delivering to the Secured Party, all certificates or instruments representing or evidencing certain of those assets of the Collateral required to be delivered to Secured Party for Secured Party to perfect its security interest therein, in suitable form for transfer, or accompanied

by duly executed stock powers, membership unit powers or other appropriate instruments for transfer or assignment in blank. In the event that Debtor, during the term of this Security Agreement, receives any additional certificates or instruments representing such assets, the Debtor shall immediately deliver the same to Secured Party to be held by the Secured Party hereunder as part of the Collateral securing the Secured Obligations. At any time and from time to time, on the written request of the Secured Party, Debtor will execute and deliver such further documents (including without limitation financing and continuation statements) and do such further acts and things as the Secured Party may reasonably request, in each case without cost to the Secured Party, in order to better assure, convey, assign, transfer, and confirm unto the Secured Party the property and rights hereby conveyed or assigned or intended, and to evidence, perfect, maintain, record and enforce the Secured Party's interest in assets, now or hereafter so to be. Debtor will pay all costs of filing any financing, continuation, or termination statements with respect to the security interest created pursuant to this Security Agreement.

2.4 Continuing Security Interest; Transfer of Convertible Notes. This Security Agreement shall create a continuing security interest in the Collateral, and such security interest shall: (i) remain in full force and effect until payment in full of the Secured Obligations; (ii) be binding upon the Debtor, and its successors and assigns; and (iii) inure, together with the rights and remedies of the Secured Party, to the benefit of the Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), if the Secured Party assigns or otherwise transfers the Convertible Notes in accordance with the terms and conditions thereof to any other person, such other person shall thereupon become vested with all the rights in respect thereof granted to the Secured Party herein or otherwise.

2.5 Release of Security Interest. Upon the payment and discharge in full of the Secured Obligations, the security interest created hereby shall be null and void and of no further force and effect. In such event, the Secured Party shall, upon request, execute and deliver such proper instruments of release and satisfaction as may reasonably be requested by Debtor and shall return to the Debtor all Collateral in its possession.

3 Representations. The Debtor represents and warrants to the Secured Party as follows:

(a) This Security Agreement has been duly executed and delivered by Debtor and constitutes a valid and binding instrument, enforceable against Debtor in accordance with its terms.

(b) The Debtor has made all filings and recordings necessary or appropriate to create in favor of the Secured Party a legal, valid and enforceable security interest in the Collateral to the extent that a security interest can be created therein under Section 9-109 of the Uniform Commercial Code in effect in the State of New York, except for filings with the U.S. Patent and Trademark Office (to which this Security Agreement must be attached), which shall be made within one business day of the date hereof, and filings with the U.S. Patent and Trademark Office (to which the pledge agreement between PVII and the Secured Party must be attached, which pledge agreement Debtor will cause PVII to enter into as promptly as possible following the date hereof), which shall be filed as soon after the date hereof as practicable. Subject to the Secured Party taking possession or control of the Collateral, where permitted or

required, all actions will have been taken so that the Secured Party has a fully perfected security interest in such of the Collateral as may be perfected by such filing or possession or control.

4. Covenants of the Debtor. Unless approved, consented to or excepted in advance in writing by the Secured Party, until payment and discharge in full of the Secured Obligations, the Debtor covenants and agrees that:

4.1 Transfer; Liens. Except as otherwise permitted hereunder, or in the ordinary course of business as presently conducted with respect to normal transfers, sales, leases and licenses of equipment, products and technology, abandonments of damaged, worn, or dilapidated assets and property, account receivables, and Collateral of de minimus value and the application of cash to payments to vendors and other creditors (the "*Ordinary Course of Business*"), the Debtor shall not sell, loan, exchange, assign, deliver, or transfer the Collateral or otherwise dispose of the Collateral or any of the Debtor's rights in or to the Collateral. Except as otherwise permitted hereunder, the Debtor shall not: (i) permit any other security interest to attach to any of the Collateral; (ii) permit the Collateral to be levied upon under any legal process; or (iii) permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Security Agreement. Except as otherwise permitted hereunder, the Debtor shall defend the title to the Collateral against all persons and all claims and demands whatsoever and shall keep the Collateral free and clear of all liens, charges, encumbrances, taxes and assessments not in existence of the date hereof.

4.2 Maintenance; Taxes; Inspection. The Debtor will maintain all tangible property included in the Collateral in good condition and repair, at its own expense, reasonable wear and tear excepted, and will pay and discharge all taxes levied on the Collateral as well as the cost of repairs to or maintenance of the same. The Debtor will permit the Secured Party to inspect the Collateral at all reasonable times, following reasonable prior notice.

4.3 Insurance. The Debtor will insure all tangible property included in the Collateral against such risks and casualties and in such amounts as are customary in the Debtor's business. All insurance policies shall be written for the benefit of the Debtor and the Secured Party, as their interests may appear, and such policies or certificates evidencing same shall be furnished to the Secured Party. The Debtor shall give the Secured Party and all relevant insurers written notice, as promptly as practicable, of loss of or damage to the Collateral and shall promptly file proofs of loss with relevant insurers.

4.4 Filings. The Debtor will pay all costs of filing any financing, continuation or termination statements with respect to the security interest created by the Debtor pursuant to this Security Agreement. The Secured Party is hereby appointed the Debtor's attorney-in-fact to do all acts and things which the Secured Party may deem necessary to perfect and continue perfected the security interest created by this Security Agreement and to protect the Collateral.

4.5 Additional Indebtedness. The Debtor will not incur any (i) severance and other termination obligations, other than in the ordinary course of business as presently conducted, or (ii) additional indebtedness, other than indebtedness for trade payables and similar

items of indebtedness incurred in the ordinary course of business as presently conducted that do not constitute indebtedness for borrowed money.

4.6 Secured Party's Performance of Debtor's Obligations. In case of the Debtor's default in performing any agreement, covenant or obligation under this Security Agreement, the Secured Party may (but shall not be obligated to) procure the performance thereof and add the cost (including reasonable attorneys' fees) thereof to the Secured Obligations.

4.7 Transfers of Certain Assets.

(a) Except to the extent that it may be required to do so pursuant to Article 8 of the Revolution Company Operating Agreement, the Debtor will not directly or indirectly sell, transfer, assign, pledge or hypothecate any of its interests in Princeton Video Image Israel, Ltd. or Revolution Company, LLC without the written consent of the Secured Party.

(b) The Debtor agrees that it will not directly or indirectly, and will cause Princeton Video Image Israel, Ltd. not to, sell, transfer, assign, pledge or hypothecate any of the assets of Princeton Video Image Israel, Ltd., except in the Ordinary Course of Business without the written consent of the Secured Party.

(c) The Debtor agrees that it will not directly or indirectly, and will cause Publicidad Virtual, S.A. de C.V. not to, sell, transfer, assign, pledge or hypothecate any of the assets of Publicidad Virtual, S.A. de C.V. except in the Ordinary Course of Business without the written consent of the Secured Party.

5. Remedies in the Event of Default.

5.1 General. The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under applicable law as in effect at that time, all the rights, remedies and privileges with respect to the collateral of a secured party in the event of a default under the Uniform Commercial Code (the "UCC") in effect in the State of New York at that time, or under the law pertaining to secured creditors of any other jurisdiction as may apply, and the Secured Party may also, without notice except as specified below, sell such Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery. The Debtor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

5.2 Application of Cash to Secured Obligations. Any cash held by the Secured Party as Collateral and all cash proceeds received by the Secured Party in respect of the sale of, collection from or other realization upon all or any part of the Collateral, in the discretion

of the Secured Party, may be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payments of any amounts payable pursuant to Section 5.4) in whole or in part by the Secured Party against, all or any part of the Secured Obligations in such order as the Secured Party shall elect. The Debtor shall remain liable under the Secured Obligations for any Secured Obligations remaining unpaid after application of such cash or cash proceeds against the Secured Obligations. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Secured Obligations shall be paid over to the Debtor or to any party lawfully entitled to receive such surplus.

5.3 Assembly of Collateral. Upon the demand of the Secured Party after the occurrence of an Event of Default, the Debtor shall assemble the Collateral and make it available to the Secured Party at a reasonable time and reasonable place designated in such demand.

5.4 Expenses. The Debtor agrees to pay to the Secured Party, upon demand, the amount of any and all reasonable expenses, including the reasonable fees and expenses of counsel and of any experts and agents, that the Secured Party may incur in connection with: (i) the sale of, collection from or other realization upon any of the Collateral; (ii) the exercise or enforcement of any of the rights of the Secured Party hereunder or under the Convertible Notes; or (iii) the failure by the Debtor to perform or observe any of the provisions hereof or thereof.

6. Events of Default. An Event of Default under one or both of the Convertible Notes shall constitute an "Event of Default" under this Security Agreement.

7. Notices. All notices or other communications in connection with this Security Agreement shall be in writing and shall be considered given when personally delivered or when mailed by registered or certified mail, postage prepaid, return receipt requested, or when sent via commercial courier or telecopier, directed, as follows or to such other address as a party may designate by notice:

(a) If to the Secured Party:

PVI Holding, LLC
c/o Cablevision Systems Corporation
1111 Stewart Avenue
Bethpage, New York 11714
Attn: General Counsel
Facsimile: (516) 803-2577

With copies (which shall not constitute notice) to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Attn: Duncan C. McCurrah
Facsimile: (212) 558-3588

(b) If to the Debtor:

PVI Virtual Media Services, LLC
561 Seventh Avenue, 4th Floor
New York, New York 10018
Attn: Executive Vice President and General Counsel
Facsimile: (212) 221-0820

With a copy (which shall not constitute notice) to:

Stevens & Lee, P.C.
600 College Road East
Princeton, New Jersey 08540
Attn: Richard J. Pinto
Facsimile: (609) 243-9333

Each party may, by notice to the other, change the address at which notices or other communications are to be given to it.

12. Miscellaneous. This Security Agreement: (i) shall be construed and enforced in accordance with the laws of the state of New York; (ii) shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; and (iii) 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. The paragraph and other headings contained in this Security Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Security Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on their behalf.

PVI VIRTUAL MEDIA SERVICES, LLC

By: 

Name: JAMES GREEN

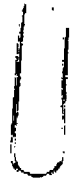
Title: CEO

PVI HOLDING, LLC

By: _____

Name: _____

Title: _____



IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on their behalf.

PVI VIRTUAL MEDIA SERVICES, LLC

By: _____

Name: _____

Title: _____

PVI HOLDING, LLC


By: _____ *William J. Bell* 2009

Name: **William J. Bell**
Vice Chairman

Title: _____


Princeton Video Image Latin America, L.L.C. is executing this Security Agreement for the purpose of granting a security interest to the Purchaser in all of its right, title, and interest in, to, and under the membership interest it holds in PVI LA, LLC, a Delaware limited liability company.

PRINCETON VIDEO IMAGE,
LATIN AMERICA, L.L.C.

By: 
Name: JAMES GREEN
Title: CEO

PVI LA, L.L.C. is executing this Security Agreement for the purpose of granting a security interest to the Purchaser in all of its right, title, and interest in, to, and under the securities it holds in Publicidad Virtual, S.A. de C.V., a company formed under the laws of Mexico.

PVILA, LLC

By: 
Name: JAMES GREEN
Title: CEO

SCHEDULE A
Description of Collateral

All of the assets, rights and property of the Debtor, whether real or personal, tangible or intangible, wherever located, now existing or hereafter acquired, including, without limitation, all of the Debtor's right, title, and interest in, to, and under the following:

(a) all accounts receivable of the Debtor, all prepaid expenses (to the extent transferable to the Secured Party), vendor credits and credit balances and deposits, price adjustments or rights with respect thereto, rebates, and deposits with manufacturers and others;

(b) all monies, reserves, deposits, certificates of deposit and deposit accounts and interest or dividends thereon, securities, investment accounts, cash, cash equivalents, and equity interests in partnerships, limited partnerships, limited liability companies or other entities, including, without limitation, the membership interests in and other securities of Princeton Video Image Latin America, L.L.C., PVI LA, L.L.C. and Publicidad Virtual, S.A. de C.V. and other property now or at any time under the control of the Debtor, it being understood that the (i) Debtor's interest in the Revolution Company, LLC is subject to restrictions on transfer pursuant to the Revolution Company Operating Agreement and (ii) any transfer of Debtor's ownership interest in Princeton Video Image Israel, Ltd. requires the consent or approval of the government of Israel and its Office of the Chief Scientist;

(c) all real property and leasehold interests in real property, together with all improvements and fixtures thereon and interests therein, any prepaid rent, security deposits and options to renew or purchase thereunder;

(d) all inventory, equipment, machinery, tools, computer systems (including all hardware and software), furniture, trade fixtures, personalty, vehicles, and other personal property, whether owned, leased or otherwise held by the Debtor, and all rights of the Debtor under or pursuant to all warranties, representations and guaranties made by suppliers, manufacturers and contractors in connection with the products sold to or services provided to the Debtor, or affecting the property heretofore described;

(e) all office and other supplies, tools, spare parts, advertising, and promotional materials;

(f) all common law and registered trademarks or copyrights and all license agreements relating thereto and unregistered trademarks or copyrights, logos, service marks, trade dress, trade names and copyrightable words, including without limitation, the names "Princeton Video Image" and "PVI" and all applications, registrations, certificates, Section 8 affidavits (stating that a mark has been in continual use), renewals, investigations, search reports, histories and other documents or files pertaining thereto;

(g) all patents and patent applications, as well as all reissues, divisions, continuations and continuation-in-part applications and any other patents issuing thereon, and all license agreements and other agreements which relate to inventions and discoveries and any patent applications and patents thereon, as well as improvements therein which are owned, licensed,

used or held for use by or on behalf of the Debtor;

(h) all technical information and know-how, confidential and non-confidential, which is used or held for use by or on behalf of the Debtor, including, without limitation, all inventions, processes, formulae and all discoveries, improvements, trade secrets and confidential data, whether or not patented or patentable and whether or not copyrighted or copyrightable, computer software (including, without limitation, source codes and object codes), software licenses, patterns, plans, designs, research data, trade secrets and other proprietary know-how, formulae and manufacturing, sales, service or other processes, operating manuals, drawings, technology, equipment and parts lists (with related descriptions and instructions), manuals, data, records, procedures, product packaging instructions, product specifications, analytical methods, sources and specifications for raw materials, toxicity and general health and safety information, environmental compliance and regulatory information, research and development records and reports and other documents relating to the foregoing and all licenses, approvals, authorizations or other rights to use intellectual property rights of others;

(i) all of the Debtor's rights in and under the agreements to which the Debtor is a party, mortgages, instruments, leases for personal property, customer contracts, insurance policies, marketing agreements, joint venture, partnership or similar agreements, and other agreements;

(j) all transferable licenses, permits, filings and other governmental authorizations;

(k) all manufacturer's, supplier's, contractor's and seller's warranties made to the Debtor, or affecting the property, machinery or equipment used by the Debtor, and all rights of a successor employer for employment tax and unemployment insurance purposes under applicable law (should the Secured Party choose to avail themselves thereof);

(l) blueprints, instruction manuals, maintenance manuals, reports and similar documents;

(m) all right, title and interest of the Debtor in and to all Business Information (as defined below) and related books and records used by the Debtor in the operation of its business, including, but not limited to, files, computer data, computer discs and tapes, invoices, credit and sales records, personnel records (subject to applicable law), payroll, current and former customer lists (including customer contracts and agreements), current and former supplier lists (including supplier cost information), manuals, drawings, business plans and other plans and specifications, sales literature, current price lists and discounts, promotional signs and literature, marketing and sales programs, manufacturing and quality control records and procedures and any other files and records relating to the Debtor's business, whether or not held by the Debtor or a third party (collectively, the "Business Information"); provided, however, that the Debtor shall have the right to complete access to, and the right to copy the Business Information for any reasonable purpose, including, without limitation, the right to access and copy (i) all business records relating to tax returns or which are reasonably necessary to substantiate all entries on such tax returns or otherwise reasonably necessary in connection with any audit or other examination of such returns; (ii) all business records which are reasonably required by the Debtor to defend against any liabilities, claims or assessments for which the Debtor is or may be legally

responsible, or for which the Debtor is required to indemnify the Secured Party; and (iii) any other records for which the Debtor can demonstrate a legitimate need; and

(n) all goodwill of the Debtor arising out of or associated with its business.