



## SECURITY AND LICENSE AGREEMENT

THIS SECURITY AND LICENSE AGREEMENT (this "Agreement") is made as of this 12th day of November, 2003 by CardioNet, Inc., a California corporation ("Debtor"), in favor of Guidant Investment Corporation, a California corporation ("Secured Party").

In order to induce Secured Party to extend the Loan (as defined in the Credit Agreement by and between Debtor and Secured Party dated as of November 12, 2003 (the "Credit Agreement")), Debtor has agreed to grant a security interest in the Collateral (as defined below) for purposes of securing certain obligations of Debtor to Secured Party, and provide a non-exclusive license to certain of Debtor's intellectual property to Secured Party. Capitalized terms used but not defined herein shall have the meaning given to them in the Credit Agreement.

In connection with the execution of the Credit Agreement, Secured Party has required the execution and delivery of this Agreement by Debtor and the parties hereby agree as follows:

### NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Definitions. [REDACTED]

"Patents" means all of the following in which Debtor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

[REDACTED]

"Trademarks" means any of the following in which Debtor now holds or hereafter acquires any interest: (a) any trademarks, tradenames, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (collectively, the "Marks"); (b) any reissues, extensions or renewals thereof; (c) the goodwill of the business symbolized by or associated with the Marks; (d) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without

limitation, damages, claims and recoveries for past, present or future infringement; and (e) rights to sue for past, present and future infringements of the Marks.

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of the Obligations, Debtor hereby irrevocably pledges, grants, and conveys a security interest to Secured Party, in and to Debtor's entire right, title and interest in, to and under the following property (all of which shall collectively be called the "Collateral"):

All personal property of the Debtor, whether now owned or existing or hereafter acquired or arising, including without limitation: accounts, chattel paper, contract rights, inventory, equipment, instruments, investment property, documents, deposit accounts, letter-of-credit rights, software (including licensed software), firmware, hardware, infrastructure, design and manufacturing documentation, tooling, account lists, regulatory filings (including 510(k) filings) and general intangibles. The term "Collateral" shall specifically not include: (a) fixed assets listed on Schedule 1 attached hereto (the "Montgomery Collateral"), (b) any Intellectual Property and Proprietary Rights not developed for or provided to the Secured Party under Section 5.10 of the Credit Agreement or the Development Agreement or Services Agreement, or (c) any contract, instrument or chattel paper in which Debtor has any right, title or interest if and to the extent such contract, instrument or chattel paper includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Debtor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such contract, instrument or chattel paper to enforce any remedy with respect thereto to the extent such non-assignable contracts, instruments and chattel paper are listed on Schedule 2 hereto.

3. Licensed Rights. Debtor grants Secured Party a paid-up, non-exclusive worldwide license, with the right to sublicense, under and to the Intellectual Property and Proprietary Rights to the extent such Intellectual Property and Proprietary Rights are not included in the Collateral (the "Licensed Rights") to make, have made, use, sell and import products and services to be developed or provided under the Development Agreement or Services Agreement; provided, however, that Secured Party may not use or exercise such license unless and until there is a Change of Control or an Event of Default of the nature described in Sections 7(g) or 7(h) of the Credit Agreement and Secured Party may then only use or exercise such license to the extent necessary or useful for the operation of any products or services to be developed for or provided to Secured Party under Section 5.10 of the Credit Agreement or the Development Agreement or Services Agreement.

4. Covenants and Warranties. [REDACTED]

5. Secured Party's Rights. [REDACTED]

6. Further Assurances; Attorney in Fact.

(a) Debtor will execute, acknowledge and deliver all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademarks Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by Secured Party, to perfect Secured Party's security interest in all Collateral and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all Collateral. Debtor authorizes and requests that the Register of Copyrights, the Commissioner of Patents, and the Commissioner of Trademarks and any other applicable government officer in the U.S. or any foreign jurisdiction record this Agreement. Secured Party and Debtor agree that any filings to be made with the Register of Copyrights, the Commissioner of Patents or the Commissioner of Trademarks shall be in a form adequate to give notice of Secured Party's rights hereunder and shall be in a form mutually agreeable to both parties, provided that neither party shall unreasonably withhold its consent.

[REDACTED]

7. Events of Default. [REDACTED]
8. Remedies. [REDACTED]
9. Indemnity. [REDACTED]
10. Release. [REDACTED]
11. No Waiver. [REDACTED]
12. Rights Are Cumulative. [REDACTED]
13. Amendments. [REDACTED]
14. Severability. [REDACTED]
15. California Law and Jurisdiction. [REDACTED]
16. WAIVER OF RIGHT TO JURY TRIAL. [REDACTED]
17. Counterparts. [REDACTED]



WITNESS WHEREOF. the parties hereto have executed this Agreement on the day and year first above written.

CardioNet, Inc.

By: James Sweeney  
Its: President and Chief Executive Officer

Guidant Investment Corporation

By:  E. Frederick McCoy Jr.  
Its: Vice President

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11/11/03

STATE OF CALIFORNIA        )  
  )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of November, 2003, by \_\_\_\_\_ the \_\_\_\_\_ of CardioNet, Inc., a California corporation, on behalf of the corporation.

\_\_\_\_\_  
Notary Public

**CARDIONET, INC.  
DISCLOSURE SCHEDULE TO  
SECURITY AND LICENSE AGREEMENT BY AND BETWEEN  
GUIDANT INVESTMENT CORPORATION  
AND  
CARDIONET, INC.**

REDACTED

**SCHEDULE 1. MONTGOMERY INTEREST:** . .

REDACTED



**SCHEDULE 2. NON-ASSIGNABLE CONTRACTS, INSTRUMENTS AND CHATTEL PAPER:**

REDACTED

**SCHEDULE 4(A), OTHER BUSINESS LOCATIONS:**

REDACTED

**SCHEDULE 4(B). LOCATION OF COLLATERAL:**

REDACTED

**SCHEDULE 4(C)(I). REGISTERED COPYRIGHTS AND MATERIAL UNREGISTERED COPYRIGHTS:**

**Registered copyrights:**

REDACTED

**Unregistered copyrights:**

REDACTED

**SCHEDULE 4(C)(II), MATERIAL LICENSE AGREEMENTS:**

REDACTED

**SCHEDULE 4(C)(III), PATENTS:**

**REPROGRAMMABLE REMOTE SENSOR MONITORING SYSTEM**

Patent No. 5,959,529 issued September 28, 1999

Patent No. 6,225,901 issued May 1, 2001

REDACTED

Patent Application No. 10/293,463 filed November 12, 2002

**ADAPTIVE SELECTION OF A WARNING LIMIT IN PATIENT MONITORING**

Patent No. 6,569,095 issued May 27, 2003



REDACTED

**SCHEDULE 4(C)(IV). MATERIAL TRADEMARKS:****CARDIONET (Class 10)**

U.S. Trademark Application No. 76/100,661  
Filed July 31, 2000  
Statement of Use issued August 15, 2003

**CARDIONET (Class 42)**

U.S. Trademark Application No. 76/100,660  
Filed July 31, 2000  
Statement of Use issued August 15, 2003

**PHYSIONET (Class 10)**

U.S. Trademark Application No. 76/299,900  
Filed August 15, 2001  
Supplemental Amendment filed August 5, 2002

**PHYSIONET (Class 42)**

U.S. Trademark Application No. 76/299,683  
Filed August 15, 2001  
U.S. Registered Trademark No. 2,678,939  
Granted January 21, 2003

**MOBILE OUTPATIENT CARDIAC TELEMETRY (Class 10)**

U.S. Trademark Application No. 76/377,804  
Filed March 4, 2002  
Abandoned April 2, 2003

**MOBILE OUTPATIENT CARDIAC TELEMETRY (Class 42)**

U.S. Trademark Application No. 76/377,801  
Filed March 4, 2002  
Supplemental Registration granted March 4, 2003  
Abandoned April 2, 2003

**MONITORING AT THE SPEED OF LIFE (Class 10)**

U.S. Trademark Application No. 76/132,883  
Filed September 21, 2000  
Suspended December 4, 2001 (pending status of similar trademark application)

**MONITORING AT THE SPEED OF LIFE (Class 42)**

U.S. Trademark Application No. 76/132/884

Filed September 21, 2000

Suspended December 4, 2001 (pending status of similar trademark application)

**YOUR WIRELESS STETHOSCOPE (Class 44)**

U.S. Trademark Application No. 78/314,716

Filed October 16, 2003



**SCHEDULE 4(D), LIEN:**

REDACTED