


<div style="display: flex; justify-content: space-between;"><div>Form <b>PTO-1595</b> (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings ⇌ ⇌ ⇌ ▼ ▼ ▼ ▼ ▼ ▼ ▼</div><div style="text-align: center;"><b>RECORDATION FORM COVER SHEET</b> <b>PATENTS ONLY</b></div><div>U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office</div></div>	
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.	
<b>1. Name of conveying party(ies):</b>  Friskit, Inc.  Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>2. Name and address of receiving party(ies)</b> Name: <u>George Aposporos</u> Internal Address: _____ _____ _____ Street Address: <u>2323 Bigelow Avenue North</u> _____ _____ City: <u>Seattle</u> State: <u>WA</u> Zip: <u>98109</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>3. Nature of conveyance:</b> <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Assignment</div><div><input type="checkbox"/> Merger</div></div> <div style="display: flex; justify-content: space-between;"><div><input checked="" type="checkbox"/> Security Agreement</div><div><input type="checkbox"/> Change of Name</div></div> <div><input type="checkbox"/> Other _____</div> Execution Date: <u>12/01/2003</u>	
<b>4. Application number(s) or patent number(s):</b> If this document is being filed together with a new application, the execution date of the application is: _____ A. Patent Application No.(s) <u>09/562,939</u> _____ _____ B. Patent No.(s) _____ _____ _____ Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>5. Name and address of party to whom correspondence concerning document should be mailed:</b> Name: <u>Amos Edelman</u> Internal Address: <u>Reitler Brown LLC</u> _____ _____ Street Address: <u>800 Third Avenue</u> _____ _____ City: <u>New York</u> State: <u>NY</u> Zip: <u>10022-7604</u>	<b>6. Total number of applications and patents involved:</b> <u>1</u> <b>7. Total fee (37 CFR 3.41).....\$</b> <u>40.00</u> <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Enclosed</div><div><input checked="" type="checkbox"/> Authorized to be charged to deposit account</div></div> <b>8. Deposit account number:</b>  <u>501914</u>
<b>DO NOT USE THIS SPACE</b>	
<b>9. Signature.</b>  <div style="display: flex; justify-content: space-between;"><div>Van Mahamedi Name of Person Signing</div><div style="text-align: center;"> Signature</div><div>December 24, 2003 Date</div></div> <div style="text-align: right; margin-top: 5px;">Total number of pages including cover sheet, attachments, and documents: <u>13</u></div>	

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

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CH \$40.00 501914 09562939

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REITLER BROWN LLC

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EXHIBIT B

**FIRST AMENDED AND RESTATED SECURITY AGREEMENT**

First Amended and Restated Security Agreement (this "Agreement"), dated as of December 1, 2003, made by and among FRISKIT, INC., a Delaware corporation (the "Debtor"), and GEORGE APOSOROS (the "Secured Party").

**Background**

A. The Secured Party loaned the Debtor Seventy-Three Thousand One Hundred Seventy-Five Dollars and Fifty-Five Cents (US\$73,175.55) (the "May 2001 Loan"), evidenced by a Secured Promissory Note, dated May 24, 2001, issued by the Debtor to the Secured Party (the "May 2001 Note") and secured by property of the Debtor pursuant to a Security Agreement between the Debtor and the Secured Party of the same date ("May 2001 Security Agreement").

B. The Secured Party loaned the Debtor One Hundred Ninety-Six Thousand One Hundred Sixty-Eight Dollars (US\$196,168.00) (the "August 2001 Loan"), evidenced by a Secured Promissory Note, dated August 1, 2001 (the "August 2001 Note") and secured by property of the Debtor pursuant to a Security Agreement between the Debtor and the Secured Party of the same date ("August 2001 Security Agreement").

C. The Secured Party loaned the Debtor, in incremental advances, an additional aggregate amount of Six Hundred Twenty-One Thousand One Hundred Seventy-Nine Dollars (US\$621,179), accruing interest at rates mutually agreed by the Debtor and the Secured Party, for the Debtor's continuing working capital requirements (the "Ongoing Loans").

D. The total amount loaned by the Secured Party to the Debtor to date through the May 2001 Loan, the August 2001 Loan and the Ongoing Loans (collectively, the "Current Loans"), including interest calculated on all Current Loans to date is One Million Three Thousand Two Hundred Ninety-Eight Dollars (US\$1,003,298), which aggregate debt of the Debtor to the Secured Party is evidenced by that certain First Amended and Restated Secured Convertible Promissory Note, dated as of the date hereof, issued by the Debtor to the Secured Party ("Restated Note"), which Restated Note, among other things, amends and restates in their entireties the May 2001 Note and the August 2001 Note.

E. The Restated Note also provides for discretionary future advances of working capital by the Secured Party to the Debtor (the "New Loans" and collectively with the Current Loans, the "Loans");

F. The Debtor and the Secured Party desire to amend and restate the May 2001 Security Agreement and the August 2001 Security Agreement in their entireties in order to secure payment and performance of the Debtor's obligations under all of the Loans and all documents and instruments executed by the Debtor in connection with the Loans, with a security interest in all of the Debtor's property upon the terms and conditions set forth below.

G. Concurrently with this Agreement and pursuant to the terms of the Restated Note, the Debtor is issuing to the Secured Party warrants to purchase shares of Series B Preferred Stock, par value US\$0.001 per share ("Series B Preferred Stock"), of the Debtor, and, as New Loans are made, will issue additional warrants to purchase shares of Series B Preferred Stock (collectively, the "Warrants"). This Agreement, the Restated Note and the Warrants are collectively referred to herein as the "Transaction Documents".

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### Agreement

In consideration of the premises and the mutual covenants and agreements herein set forth, the Debtor hereby agrees with the Secured Party as follows:

Section 1. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Loans and the other Secured Obligations (as defined in Section 6), the Debtor hereby grants to the Secured Party, on the terms and conditions hereinafter set forth, a continuing security interest in and to the collateral set forth in Section 2 hereof (the "Collateral").

Section 2. The Collateral consists of all property of the Debtor now owned or hereafter acquired, of whatever kind and nature and wherever located, together with all proceeds, products, replacements and renewals thereof, as more particularly described on Exhibit A attached hereto.

Section 3. If the Secured Party makes New Loans to the Debtor pursuant to the Restated Note, the New Loans will be recorded on Exhibit A of the Restated Note and will be incorporated therein. At the time of each New Loan the Debtor makes and reaffirms the representations, warranties and covenants set forth herein as of the date of each New Loan.

Section 4. The Debtor hereby represents, warrants, covenants and agrees to and with the Secured Party as follows:

(a) Except with respect to: (i) easements, rights-of-way, covenants, conditions, restrictions, minor defects, encroachments or irregularities in title, zoning, entitlement, building and other land use regulations and other similar charges or encumbrances, in each case not interfering in any material respect with the ordinary conduct of the business of the Debtor; (ii) statutory liens of landlords, statutory liens of carriers, warehousemen, mechanics and material men and other liens imposed by law incurred in the ordinary course of business for sums not yet delinquent, if such reserve or other appropriate provision, if any, as shall be required by Generally Accepted Accounting Principles in the United States of America, consistently applied, shall have been made therefore; (iii) liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (iv) liens or security interests created in the ordinary course of business with respect to assets of the Debtor which, in the aggregate, are not material to the Debtor or its business; (v) the liens and security interests created pursuant to this Agreement (as the same may be amended from time to time) or other liens or security interests in favor of the Secured Party; and (vi) the liens and security interests described on Exhibit B, attached hereto, the Debtor has title to the Collateral free from any lien, security interest, encumbrance or claim, and Debtor, at Debtor's expense, will defend any action that may adversely affect the Secured Party's interest in, or Debtor's title to, the Collateral.

(b) The Debtor will keep the Collateral in good order and repair and will not waste or destroy the same or any portion thereof.

(c) The Debtor will promptly execute and deliver to the Secured Party all assignments, notes, financing statements, or other documents and papers (including but not limited to such documents as may be filed with the U.S. Patent and Trademark Office and the U.S. Copyright Office in order to perfect the Secured Party's rights in the Debtor's patents, registered trademarks, registered copyrights and applications therefore relating to the Collateral) as the Secured Party may reasonably request in order to perfect and maintain the security interest in the Collateral pursuant to this Agreement. The Debtor will reimburse the Secured Party for the costs incurred by the Secured Party in filing such

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assignments and financing statements. The Debtor will not sell, lease, assign, transfer or otherwise dispose of or encumber the Collateral without the Secured Party's consent other than (i) sales of inventory in the ordinary course of business (ii) the grant of licenses in the ordinary course of business or (iii) the disposition of any item that has become worn out or obsolete in the ordinary course of business.

(d) The Debtor will at all times keep the Collateral adequately insured against risks of destruction, loss and theft, for the benefit of the Debtor and the Secured Party (as additional insured) as their interests may appear.

(e) The Debtor will pay when due all existing or future charges, liens, or encumbrances on the Collateral, and all material taxes and assessments now or hereafter imposed on or affecting the Debtor or the Collateral.

(f) All information with respect to the Collateral and account debtors set forth in any schedule, certificate or other writing at any time heretofore or hereafter furnished by the Debtor to the Secured Party, and all other written information heretofore or hereafter furnished by the Debtor to the Secured Party, is or will be true and correct as of the date furnished.

(g) The Debtor will keep any and all inventory and other tangible personal property of the Debtor forming part of the Collateral at California Mini-Storage, 790 Pennsylvania Avenue, San Francisco, California 94107, unless the Secured Party shall otherwise consent in writing, other than any removal of such Collateral that may occur in the ordinary course of Debtor's business.

(h) The Debtor will keep its records concerning non-inventory and non-tangible personal property Collateral at California Mini-Storage, 790 Pennsylvania Avenue, San Francisco, California 94107. Such records will be of such character as to enable the Secured Party or the Secured Party's representatives to determine at any time the status thereof, and the Debtor will not, unless the Secured Party shall otherwise consent in writing, maintain or keep a copy of any such records at any other address.

(i) The Debtor will furnish the Secured Party such information concerning the Debtor, the Collateral, and any of the Debtor's account debtors as the Secured Party may at any time reasonably request.

(j) The Debtor will permit the Secured Party and the Secured Party's representatives, at any reasonable time to inspect any and all inventory forming part of the Collateral, and to inspect, audit and make copies of and extracts from all records and all other papers in possession of the Debtor pertaining to the Collateral and the Debtor's account debtors, and will, on request of the Secured Party, deliver to the Secured Party all such records and papers.

(k) The Debtor will, at such times as the Secured Party may request, deliver to the Secured Party a schedule identifying each account receivable subject to the security interest under this Agreement, and such additional schedules, certificates, and reports respecting all or any of Collateral at the time subject to the security interest under this Agreement, and the items or amounts received by the Debtor in full or partial payment or otherwise as proceeds of any of Collateral. Any such schedule, certificate or report shall be executed by a duly authorized officer of the Debtor and shall be in such form and detail as the Secured Party may specify. Any such schedule identifying any account receivable subject to the security interest created by this Agreement shall be accompanied, if the Secured Party so requests, by a true and correct copy of the invoice evidencing such account receivable and by evidence of

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shipment or performance. The Debtor shall immediately notify the Secured Party of the occurrence of any event causing loss or depreciation in the value of Collateral, and the amount of such loss or depreciation.

(l) If and when so requested by the Secured Party, the Debtor will stamp on the records of the Debtor concerning Collateral a notation, in a form satisfactory to the Secured Party, of the security interest of the Secured Party under this Agreement.

(m) The Debtor shall perform all of the Debtor's covenants and agreements set forth in this Agreement.

(n) The Debtor has the corporate power and authority and the legal right to execute and deliver the Transaction Documents, and to perform its obligations under the Transaction Documents, and to grant the security interest in the Collateral pursuant to this Agreement and has taken all necessary action (including, without limitation, actions by the board of directors and the stockholders of the Debtor) to authorize the execution, delivery and performance of each Transaction Document, and the granting of the security interest in Collateral pursuant to this Agreement.

(o) Each Transaction Document constitutes a legal, valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(p) The execution, delivery and performance by the Debtor of each Transaction Document (and, in the case of this Agreement, and the granting by the Debtor of the security interest pursuant hereto) will not violate any provision of any requirement of law, order, ruling or decision of a Governmental Authority (as defined in Section 4(q)) or contractual obligation of the Debtor and will not result in the creation or imposition of any lien or other encumbrance on any of the properties or revenues of the Debtor pursuant to any requirement of law or contractual obligation of the Debtor, except as contemplated hereby. Debtor is not subject to any bankruptcy case or insolvency proceedings before any court in any jurisdiction. In the ninety (90) days preceding the effective date hereof, Debtor has not received any notice or threat from any third party to subject the Debtor to any involuntary bankruptcy case or insolvency proceeding.

(q) No consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority and no consent of any other person or entity (including, without limitation, any stockholder or creditor of the Debtor, but other than those which have been obtained or made), is required either (i) for the execution, delivery and performance of the Transaction Documents or for the grant by the Debtor of the security interest granted hereby or (ii) to ensure the legality, validity, enforceability or admissibility of this Agreement in any jurisdiction in which any of the Collateral is located. As used in this Agreement, "Governmental Authority" means any nation or government, any Federal, state, foreign or other political subdivision thereof and any officer, agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any of the foregoing.

(r) For so long as any principal or interest remains outstanding under the Restated Note, the Debtor shall not grant a security interest, lien or other encumbrance in or to any Collateral to secure obligations for borrowed money.

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(s) Upon the filing of a financing statement with the Secretary of State of the State of Delaware, all actions necessary under the Uniform Commercial Code as in effect on the date hereof in the State of New York (the "Uniform Commercial Code") shall have been taken to perfect the security interest granted hereunder in the Collateral.

(t) The Debtor shall not without the prior consent of the Secured Party, relocate any Collateral, except in the ordinary course of business.

Section 5. At the Secured Party's option, the Secured Party may discharge taxes, liens or security interests, or other encumbrances at any time hereafter levied or placed on the Collateral; may pay for insurance required to be maintained on the Collateral pursuant to Section 4(d); and may pay for the maintenance and preservation of the Collateral. The Debtor agrees to reimburse the Secured Party on demand for any payment made or any expense incurred by the Secured Party pursuant to the foregoing authorization. Until default, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement and not inconsistent with any policy of insurance thereon.

Section 6. (a) This Agreement secures the obligations of the Debtor to the Secured Party under the Transaction Documents, and under any agreements, documents and instruments executed by the Debtor in connection with the foregoing, or with respect to any further or additional financing by the Secured Party to the Debtor in the future (the "Secured Obligations"). Upon the occurrence of an event of default by the Debtor under this Agreement or the Restated Note, or under any other agreements, documents and instruments executed by the Debtor in connection with this Agreement or the Restated Note (including, without limitation, an Event of Default, as defined in Section 8 of the Restated Note) the Secured Party may, subject to any express right to cure, declare all Secured Obligations immediately due and payable and shall have available all of the remedies of a secured party under the Uniform Commercial Code. No remedy conferred upon or reserved to the Secured Party in this Agreement or the Restated Note, or any other agreements, documents and instruments executed by the Debtor in connection with any of the foregoing, is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or in other agreements, documents and instruments executed by the Debtor in connection with any of the foregoing or now or hereafter existing at law or in equity or by statute, and the exercise of any remedy or remedies shall not be an election of the remedies. In the event of an occurrence of any event of default (including, without limitation, an Event of Default, as defined in Section 8 of the Restated Note), in addition to exercising any other rights or remedies the Secured Party may have under the Restated Note or this Agreement, at law or in equity, or pursuant to the provisions of the Uniform Commercial Code, the Secured Party may, at the Secured Party's option, and without demand first made, exercise any one or all of the following rights and remedies (i) collect the Collateral and its proceeds, (ii) take possession of the Collateral wherever it may be found, using all reasonable means to do so, or require the Debtor to assemble the Collateral and make it available to the Secured Party at a place designated by the Secured Party which is reasonably convenient to the Debtor, (iii) proceed with the foreclosure of the security interest in the Collateral granted herein and the sale or endorsement and collection of the proceeds of the Collateral in any manner permitted by law or provided for herein, (iv) sell, lease, or otherwise dispose of the Collateral at public or private sale, with or without having the Collateral at the place of sale, (v) institute a suit or other action against the Debtor for recovery on the Restated Note, (vi) exercise any rights and remedies of a secured party under the Uniform Commercial Code, and/or (vii) offset, against any payment due from the Debtor to the Secured Party, the whole or any part of any indebtedness of the Secured Party to the Debtor.

(b) Proceeds. If an event of default (including, without limitation, an Event of Default, as defined in Section 8 of the Restated Note) occurs, all proceeds and payments with respect to

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the Collateral will be retained by the Secured Party (or if received by the Debtor will be held in trust and will be forthwith delivered by the Debtor to the Secured Party in the original form received, endorsed in blank) and held by the Secured Party as part of the Collateral or applied by the Secured Party to the payment of the Secured Obligations.

(c) Sales of Collateral. Any item of Collateral may be sold for cash or other value at public or private sale or other disposition and the proceeds thereof collected by or for the Secured Party. The Debtor agrees to promptly execute and deliver, or promptly cause to be executed and delivered, such instruments, documents, assignments, waivers, certificates and affidavits and supply or cause to be supplied such further information and take such further action as the Secured Party may require in connection with any such sale or disposition. The Secured Party will have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby waived or released. Unless the Collateral is perishable or threatened to decline speedily in value or is of a type constantly sold on a recognizable market, the Secured Party will give the Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended dispositions thereof is to be made. If any notice of a proposed sale, lease, license, or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given in accordance with Section 15 at least ten (10) days before such sale, lease, license, or other disposition.

(d) Application of Proceeds. The proceeds of all sales and collections in respect of the Collateral, the application of which is not otherwise specifically herein provided for, will be applied (i) first, to the payment of the costs and expenses of such sale or sales and collections and the attorneys' fees and out-of-pocket expenses incurred by the Secured Party relating to costs of sales and collection, and other unpaid amounts, including costs and expenses, payable to the Secured Party pursuant to this Agreement, (ii) second, any surplus then remaining will be applied first, to unpaid fees, costs and expenses due to the Secured Party under the Restated Note, second, to the payment of all unpaid interest accrued under the Restated Note, and last, to the payment of unpaid principal under the Restated Note, and (iii) third, any surplus then remaining will be paid to the Debtor, *provided, however*, that the Debtor shall remain liable to the Secured Party to the extent of any deficiency and the costs and expenses of the Secured Party (including, without limitation, reasonable attorneys' fees) in collecting any such deficiency. Expenses of retaking, holding, preparing for sale, selling or the like, shall include the Secured Party's reasonable attorneys' fees and legal expenses.

Section 7. As soon as practicable following any event causing material loss or depreciation in the value of Collateral, the Debtor will notify the Secured Party of such event in reasonable detail in writing, including the amount of such loss or depreciation. The Debtor will deliver to the Secured Party, as and when requested, a report, in a form satisfactory to the Secured Party, showing opening inventory, inventory acquired, inventory sold and delivered, inventory sold and held for future delivery, inventory returned or repossessed, inventory used or consumed in the Debtor's business and closing inventory.

Section 8. The Secured Party shall be entitled at the Secured Party's expense to have audits made of the books and records of the Debtor by independent accountants of recognized standing and shall be entitled (including, without limitation, through an agent or representative) to examine or inspect the inventory wherever located and to examine, and inspect and make extracts from the Debtor's books and other records (including, without limitation, through an agent or representative). All such audits and examinations shall be made during regular business hours of the Debtor.

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Section 9. No waiver by the Secured Party of any default shall operate as a waiver of any other default or of the same default on any subsequent occasion.

Section 10. All rights of the Secured Party shall inure to the benefit of the successors and assigns of the Secured Party. All obligations of the Debtor shall be binding upon the Debtor's successors and assigns.

Section 11. The Debtor shall, at its own expense, from time to time do and perform such other and further acts and execute and deliver any and all such further instruments as may be required by law or reasonably requested by the Secured Party to establish, maintain, perfect and protect the Secured Party's security interests in the Collateral.

Section 12. This Agreement may not be amended, waived, or discharged except by an instrument in writing executed by the party against whom enforcement of said amendment, waiver, or discharge is sought. No course of dealing between the parties will operate as a waiver of any party's rights under this Agreement. A waiver on any one occasion will not be construed as a bar to or waiver of any right or remedy on any future occasion.

Section 13. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument. The delivery by a party of a telecopy or facsimile signature to this Agreement shall have the same effect as the delivery of an original signature; *provided, however*, that the parties shall thereafter promptly deliver original signature pages (although the failure or delay in the delivery of an original signature shall not vitiate or impair the legally binding effect of a telecopy or facsimile signature).

Section 14. This Agreement and the security interests in the Collateral created hereby will terminate when the Secured Obligations have been fully paid and finally discharged in full. Notwithstanding any such termination, if at any time, all or part of the payment of the Secured Obligations theretofore made by the Debtor or any other person or entity is rescinded or otherwise must be returned by the Secured Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Debtor or such other person or entity), the liens granted hereunder or under any other present or future agreement between the Debtor and the Secured Party, and all rights of the Secured Party and all Secured Obligations shall be reinstated as to the monetary Secured Obligations that were satisfied by the payment to be rescinded or returned, all as though such payment had not been made, and the Debtor shall sign and deliver to the Secured Party all documents and things necessary to reperfect all terminated liens. The Debtor may not assign this Agreement without the express written consent of the Secured Party.

Section 15. Any notice or demand which is required or provided to be given under this Agreement shall be deemed to have been sufficiently given and received for all purposes when delivered by hand, telecopy (receipt confirmed), or nationally recognized overnight courier (receipt confirmed), or five days after being sent by certified or registered mail, postage and charges prepaid, return receipt requested, to the following addresses:

If to the Debtor: Friskit, Inc.  
Attn: Aviv Eyal  
660 4<sup>th</sup> Street, #290  
San Francisco, California 94107  
Telecopier No.: 415 615 6968

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With a copy to: Reitler Brown LLC  
800 Third Avenue, 21<sup>st</sup> Floor  
New York, New York 10022  
Attention: Edward G. Reitler, Esq.  
Telecopier No.: 212) 371-5500

If to the Secured Party: George Aposporos  
2323 Bigelow Avenue North  
Seattle, WA 98109  
Telecopier No.: 206 599 6153

or, with respect to any party hereto, at any other address designated in writing by such party in accordance with the provisions of this Section 15.

Section 16. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT CONFLICT OF LAWS OR CHOICE OF LAW PROVISIONS OR RULES.

Section 17. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT AND/OR THE RESTATED NOTE SHALL BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK (SITTING IN THE CITY OF NEW YORK, NEW YORK COUNTY) OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (SITTING IN THE CITY OF NEW YORK, NEW YORK COUNTY). THE DEBTOR AND THE SECURED PARTY HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE DEBTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE DEBTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE DEBTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE DEBTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF THE SECURED OBLIGATIONS UNDER THIS AGREEMENT AND THE RESTATED NOTE.

Section 18. THE SECURED PARTY AND THE DEBTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR THE RESTATED NOTE. THE DEBTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF THIS

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AGREEMENT, THE RESTATED NOTE AND THE WARRANTS) AND THAT THIS PROVISION IS  
A MATERIAL INDUCEMENT FOR THE SECURED PARTY MAKING THE LOANS AVAILABLE.

[Signature Page Follows]

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**Exhibit A**

**FRISKIT, INC.  
COLLATERAL**

All real and personal, tangible and intangible property now owned or hereafter acquired by the Debtor, FRISKIT INC., of whatever kind and nature and wherever located, whether now owned or existing or hereafter acquired or arising, together with all proceeds, products, replacements and renewals thereof, including without limitation:

- (a) equipment (in addition to the definition thereof contained in the Uniform Commercial Code of the State of New York (the "UCC"), all tangible personal property held by the Debtor for use primarily in business, including, but not limited to, equipment, machinery, furniture, fixtures, dyes, tools, and all accessories and parts now or hereafter affixed thereto);
- (b) inventory (in addition to the definition thereof contained in the UCC, all tangible property held by the Debtor for sale or lease or to be furnished under contracts of service, tangible personal property which the Debtor has so leased or furnished and raw materials, work in process and materials used, produced or consumed in the Debtor's business);
- (c) accounts (in addition to the definition thereof contained in the UCC, any and all obligations of any kind at any time due and/or owing to the Debtor and all rights of the Debtor to receive payment or any other consideration (whether classified under the UCC or any other state's Uniform Commercial Code as accounts), including, without limitation, accounts presently existing or hereafter arising pursuant to any contract or other commitment with the federal government (or any agency or department thereof));
- (d) general intangibles (in addition to the definition thereof contained in the UCC, any and all rights on any franchise, license or similar agreement, Debtor's rights as lessor or lessee under any lease or sublease of property, tax refunds and rebates, all of the Debtor's trade secrets and other proprietary information, trademarks, service marks and business names and the goodwill of the business relating thereto, all copyrights and all tangible property embodying the copyrights, unpatented inventions (whether or not patentable), patent applications and patents and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, whether presently existing or hereafter arising; all license agreements relating to any of the foregoing and income therefrom, books, records, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes, and other physical manifestations of the foregoing; the right to sue for all past, present and future infringements of the foregoing; and proceeds of the foregoing);
- (e) instruments (in addition to the definition thereof contained in the UCC, "chattel paper" or "letters of credit" as defined in the UCC, including, without limitation, all notes evidencing intercompany loans or evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the accounts described in clause (c) above, including, but not limited to, promissory notes, drafts, bills of exchange and trade acceptances);

[FIRST AMENDED AND RESTATED SECURITY AGREEMENT]

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- (f) documents (in addition to the definition thereof contained in the UCC, all documents, including, without limitation, all bills of lading, warehouse receipts and other documents of title or other receipts covering, evidencing or representing goods);
- (g) all personal property and interests in personal property of the Debtor which may now be in or may hereafter come into the possession, custody or control of the Secured Party, or any Secured Party or affiliate of any of them, in any way or for any purpose (whether for safekeeping, deposit, custody, pledge, transmission, collection or otherwise), and all rights and interests of the Debtor in respect of any and all (i) drafts, letters of credit, stocks, limited liability company membership interests, bonds, and debt and equity securities, whether or not certificated, and warrants, options, put and calls and other rights to acquire or otherwise relating to the same, (ii) interest rate and currency exchange agreements, including, without limitation, cap, collar, floor, forward and similar agreements and interest rate protection agreements, (iii) cash and cash equivalents, (iv) all books and records, including without limitation, customer lists, credit files, computer programs, printouts and other computer materials and records, and (v) all other goods and personal property and interests in personal property of the Debtor not specifically included in clauses (a) through (f); and
- (h) all accessions and additions to, substitutions and documents for, and replacements, proceeds (meaning all proceeds of, and all other profits, products, rents or receipts, in whatever form arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, collateral, including, without limitation, all claims of the Debtor 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 in respect of, any of the goods, personal property and interests in personal property described in clauses (a) through (g) above, and any condemnation or requisition payments with respect to any such goods, property and interests), and any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing goods, property and interests.

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IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have executed this First Amended and Restated Security Agreement as a sealed instrument as of the date first set forth above.

FRISKIT, INC.

By: 

Name: Aviv Eyal

Title: Secretary

THE SECURED PARTY:

By: 

Name: George Aposporos

[FIRST AMENDED AND RESTATED SECURITY AGREEMENT]

RECORDED: 12/24/2003

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