

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
NTRU Cryptosystems, Inc.	07/06/2009
RECEIVING PARTY DATA	
Name:	Security Innovation, Inc.
Street Address:	187 Ballardvale Street
Internal Address:	Suite A195
City:	Wilmington
State/Country:	MASSACHUSETTS
Postal Code:	01887
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	11986101
CORRESPONDENCE DATA	
Fax Number:	(828)253-8620
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	828-253-8600
Email:	thomas.champagne@ipstrategiespc.com
Correspondent Name:	Thomas Champagne
Address Line 1:	12 1/2 Wall Street
Address Line 2:	Suite E
Address Line 4:	Asheville, NORTH CAROLINA 28801
ATTORNEY DOCKET NUMBER:	SIIPTNTRU
NAME OF SUBMITTER:	Thomas Champagne
Total Attachments: 37 source=securityagreement#page1.tif source=securityagreement#page2.tif	

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NTRU Cryptosystems, Inc.

AMENDED SECURITY AGREEMENT

July 6, 2009

AMENDED SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of July 6, 2009 by NTRU Cryptosystems, Inc., a Delaware corporation ("Borrower"), and Security Innovation, Inc., a Delaware corporation ("Lender").

WITNESSETH:

WHEREAS, Lender and Borrower entered into a Security Agreement dated June 26, 2009 pursuant to which Lender agreed to receive a certain Promissory Note dated June 26, 2009 (the "Note") in the amount of \$65,000.00 (the "Loan") for making such loan to Borrower; and

WHEREAS, Lender has loaned Borrower an additional sum of \$11,500.00 (the "Additional Loan") as evidenced by a promissory note of even date herewith ("Additional Note"); and

WHEREAS, the Loan and Additional Loan will be governed by the provisions of this Amended Security Agreement; and

WHEREAS, Borrower wishes to grant to Lender a security interest in all its assets as security for all the Secured Obligations (as defined below).

NOW, THEREFORE, in order for Lender to make the Loan, Borrower agrees as follows:

1. Definitions.

The terms "Account," "Chattel Paper," "Deposit Account," "Document," "Electronic Chattel Paper," "Equipment," "Financial Assets," "General Intangible," "Goods," "Health Care Insurance Receivables," "Instrument," "Inventory," "Investment Property," "Letter of Credit Rights," "Payment Intangible" and "Supporting Obligation," shall have the meanings defined in the Uniform Commercial Code as enacted in Delaware, as amended from time to time.

When used in this Agreement, the following terms shall have the following meanings:

"Account Debtor" means the party who is obligated on or under any Account, Chattel Paper or General Intangible.

"Collateral" means all property, real, personal and mixed, tangible and intangible, wherever located, now owned or hereafter acquired by Borrower, or in which Borrower has or later obtains an interest, and all products, profits, rents and proceeds of such property, including but not limited to Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Financial Assets, General Intangibles (including Payment Intangibles), Goods, Health Care Insurance Receivables, Instruments, Inventory, Investment Property, Letter of Credit Rights, Supporting Obligations, Patents, Copyrights and Trademarks, all claims for tax refund, whether now existing or hereafter arising, of Borrower against any city, county, state or federal government or any agency or authority or other subdivision thereof, and the proceeds thereof and all of Borrower's drawings, designs, blueprints and sketches, used or usable in connection with Borrower's business; all customer lists, ledger and account cards, computer tapes, discs and printouts, and books and records of Borrower; and any and all other properties and assets of Borrower of whatever nature, tangible or intangible, wherever located and whether now or hereafter existing.

"Copyrights" means any copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, and all renewals of any of the foregoing, all income, royalties, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Event of Default" means failure of Borrower to make a required payment under the Note or any other default of Borrower under the Note or as provided in Section 6.1.

"Patents" means any patents and patent applications, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Secured Obligations" means all obligations and liabilities of every nature of Borrower now or hereafter existing under or arising out of or in connection with the Note, whether for principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy with respect to Borrower, would accrue on such obligations), fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owned with others, and whether or not from time to time decreased or extinguished and later increased, created, or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer, or otherwise, all attorneys' fees and other costs and expenses incurred by Lender in connection with the enforcement of the rights and remedies reserved in the Note and this Agreement, through all appeals, and all obligations of every nature of Borrower now or hereafter existing under this Agreement.

"Trademark" means (a) any trademark, trade name, corporate name, company name, business name, fictitious business name, trade style, service mark, logo or other source or business identifier, and the goodwill associated therewith, now existing or hereafter adopted or acquired, any registration or recording thereof, and any application in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States or of any state thereof or any other country or any political subdivision thereof, or otherwise, and (b) all renewals thereof.

2. **Grant of Security Interest.** As security for the payment and satisfaction of the Secured Obligations, Borrower hereby grants to Lender a continuing security interest in and assigns to Lender all of Borrower's right, title and interest in the Collateral and all products, profits, rents and proceeds thereof.

3. **Covenants of Borrower.** Borrower shall fully perform each of the covenants set forth below.

3.1 **Obligations to Pay.**

(a) Borrower shall pay to Lender, as and when due and in full, all amounts payable by Borrower to Lender, pursuant to the Note; and

(b) Borrower shall pay and reimburse Lender for other Secured Obligations including reasonable attorneys' fees and legal expenses incurred in connection with the exercise by Lender of any of their rights or remedies under this Agreement or the Note.

3.2 Performance. Borrower shall fully perform in a timely fashion every covenant, agreement and obligation set forth in this Agreement and the Note.

3.3 Further Documentation. Upon the written request of the Lender, and at the sole expense of the Borrower, the Borrower will promptly execute and deliver such further instruments and documents and take such further actions as Lender may deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, filing of any financing statement under the Uniform Commercial Code, execution of assignments of General Intangibles, delivery of appropriate stock or bond powers, transfer of Collateral (other than Inventory, Accounts and Equipment) to Lender's possession. The Borrower hereby authorizes Lender to file any such financing statement without the signature of the Borrower to the extent permitted by applicable law, and to file a copy of this Agreement in lieu of a financing statement.

3.4 Filing Fees. Borrower shall pay to Lender all costs of filing this Agreement with the U.S. Patent and Trademark Office and any financing, continuation or termination statement with respect to the security interests granted herein.

3.5 Maintenance of Records. Borrower shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including but not limited to a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Borrower shall mark its books and records pertaining to the Collateral to evidence this Agreement and the security interests granted herein. Borrower shall deliver and turn over to Lender all books and records pertaining to the Collateral at any time after the occurrence and during the continuation of an Event of Default, if so demanded by Lender.

3.6 Indemnification. Borrower agrees to pay, and to indemnify Lender and hold Lender harmless from, all liabilities, costs and expenses including but not limited to legal fees and expenses with respect to or resulting from (a) any delay in paying any excise, sales or other taxes that may be payable or determined to be payable with respect to any of the Collateral, (b) any delay by Borrower in complying with any requirement of law applicable to any of the Collateral, (c) any act or omission by Lender relating to the care, custody or protection of the Collateral, (d) any fees incurred in connection with collection of amounts due under the Note or enforcing remedies under this Agreement following an Event of Default, or (e) otherwise in connection the transactions contemplated by this Agreement. In any suit, proceeding or action brought by Lender under any Account or Payment Intangible to enforce payment of any sum owing thereunder or to enforce any provisions of any Account or Payment Intangible, Borrower will indemnify Lender and hold Lender harmless from all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment, reduction or liability whatsoever of the Account Debtor thereunder arising out of a breach by Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Account Debtor or its successors from Borrower.

3.7 Further Identification of Collateral. Borrower will furnish to Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Lender may request, all in reasonable detail.

3.8 Notices. Borrower will advise Lender promptly in reasonable detail at its address set forth in Section 7.9 hereof (a) of any lien on or claim asserted against any of the Collateral and (b) of the occurrence of any other event that could reasonably be expected to have a material adverse effect on the Collateral or on the liens created hereunder.

3.9 Changes in Locations, Name, Etc. Borrower will not (a) change its state of organization, (b) change the location of its chief executive office/chief place of business or remove its books and records from the location specified in this Agreement, (c) permit any of the Inventory or Equipment to be kept at locations other than those identified to Lender, or (d) change its name, identity or structure to such an extent that any financing statement filed by Lender in connection with this Agreement would become ineffective or seriously misleading, unless it shall have given Lender at least thirty (30) days' prior written notice thereof.

3.10 Intellectual Property.

(a) Borrower (either itself or through licensees) will (i) continue to use each Trademark, on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for nonuse, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark that is confusingly similar to or a colorable imitation of such Trademark unless Lender shall obtain a perfected security interest in such mark pursuant to this Agreement and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Borrower will notify Lender immediately if it knows, or has reason to know, of (i) any application or registration relating to any Trademark, Copyright or Patent material to its business that may become abandoned or dedicated or (ii) any adverse determination or development (including but not limited to the institution of, or any adverse determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding Borrower's ownership of any material Trademark, Copyright or Patent or its right to register, keep or maintain the same.

(c) Whenever Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any material Trademark, Copyright or Patent with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, Borrower shall report such filing to Lender within five (5) business days after the last day of the calendar month in which such filing occurs. Borrower shall execute and deliver to Lender all agreements, instruments, powers of attorney, documents and papers that Lender may request to evidence Lender's security interest in any Trademark, Copyright or Patents and in the goodwill and general intangibles of Borrower relating to or represented by such Trademark, Copyright or Patent. Borrower hereby constitutes Lender as its attorney in fact to execute and file all such writings for the foregoing purposes, including pursuant to Section 3.3 above, with all

acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, is irrevocable until all Secured Obligations are paid in full.

(d) Borrower will take all reasonable and necessary steps, including but not limited to all reasonable and necessary steps in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application, to obtain the relevant registration, and to maintain each registration of material Trademarks, Copyrights and Patents, including but not limited to filing applications for renewal, affidavits of use and affidavits of incontestability.

(e) If any Trademark, Copyright or Patent that is included in the Collateral is infringed, misappropriated or diluted by a third party, Borrower shall promptly notify Lender after it learns thereof and shall take such action as Borrower reasonably deems appropriate under the circumstances to protect such Trademark, Copyright or Patent.

3.11 Insurance. Borrower agrees to maintain commercially reasonable insurance policies to insure the Collateral against all hazards. If Borrower fails to obtain such insurance, Lender shall have the right, but not the obligation, to obtain either insurance covering both Borrower's and Lender's interest in the Collateral or insurance covering only Lender's interest in the Collateral. Borrower agrees to pay any premium charged for such insurance. Any unpaid insurance premium advanced by Lender shall be secured under the terms of this Agreement. Lender will not have any liability whatsoever for any loss which may occur by reason of the omission or lack of coverage of any such insurance. Borrower hereby assigns to Lender the right to receive proceeds of such insurance to the full amount of the Secured Obligations and hereby directs any insurer to pay all proceeds directly to Lender, and authorizes Lender to endorse any draft. In Lender's discretion, Lender may apply any insurance proceeds either toward repair of the property or reduction of the balance of the Secured Obligations.

3.12 Other Liens; Disposition of Collateral. Borrower will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any lien on the Collateral and will defend the right, title and interest of Lender in and to the Collateral and in and to all proceeds thereof against the claims and demands of all persons whatsoever. Borrower will not sell, assign, transfer or otherwise convey an interest in the Collateral except for sales, assignments, transfers or other conveyances occurring in the ordinary course of its business or unless Lender is at all times afforded security equal to or greater than that offered by the Collateral acceptable to Lender, in their reasonable discretion, at the date hereof.

3.13 Taxes. Borrower will pay promptly before delinquent all property and other taxes, assessments, and governmental charges or levies imposed upon, and all claims (including claims for labor, materials, and supplies) against, the Collateral, and all income and other taxes imposed upon Borrower, except to the extent the validity thereof is being contested diligently and in good faith by proper proceedings by Borrower.

3.14 Deposit Accounts. Borrower shall not open any new accounts unless Borrower shall have given Lender ten (10) business days' prior written notice of its intent to open any such new accounts. Borrower hereby authorizes the financial institutions at which Borrower maintains an account to provide Lender with such information with respect to such account as

Lender from time to time reasonably may request, and Borrower hereby consents to such information being provided to Lender.

4. Representations and Warranties. Borrower hereby makes the following representations and warranties as of the date hereof:

4.1 Title to Collateral. Borrower has good and marketable title to all the Collateral, free and clear of all liens. To the best of Borrower's knowledge, this Agreement is effective to create in favor of Lender for the benefit of Lender a valid security interest in and lien upon all of Borrower's right, title and interest in and to the Collateral, and, upon the filing of appropriate Uniform Commercial Code financing statements in accordance with applicable law, such security interest will be duly perfected in all the Collateral.

4.2 No Impairment of Collateral. None of the Collateral shall be impaired or jeopardized because of the security interest herein granted.

4.3 Location of Records. The address of the office where the books and records of Borrower are kept concerning the Collateral is Borrower's principal office at 35 Nagog Park, Acton, Massachusetts 01720 or such other address as Borrower may subsequently designate to Lender in writing.

4.4 Location of Collateral. The locations of all Inventory and Equipment of Borrower are Borrower's principal place of business described in Section 4.3 and such other addresses as Borrower may subsequently designate to Lender in writing.

4.5 Name. Borrower's legal name is "NTRU Cryptosystems, Inc." and Borrower conducts its business only under the name "NTRU Cryptosystems, Inc.". Borrower's EIN number is 05-0493066.

4.6 Accounts. The amount represented by Borrower to Lender from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts and Payment Intangibles will at such time be the correct amount actually owing by such Account Debtor or Debtors thereunder. No material amount payable to Borrower under or in connection with any Account or Payment Intangible is evidenced by any Instrument or Chattel Paper that has not been delivered to Lender.

4.7 State of Organization. Borrower's state of organization is Delaware.

4.8 Chief Executive Office. Borrower's chief executive office and chief place of business is located at the address set forth in Section 4.3.

5. Rights With Respect To The Collateral.

5.1 No Duty on Lender's Part. Lender shall not be required (except at its option upon the occurrence and during the continuation of any Event of Default) to realize upon any Accounts, Financial Assets, Instruments, Investment Property, Chattel Paper or General Intangibles; collect the principal, interest or payment due thereon, exercise any rights or options of Borrower pertaining thereto; make presentment, demand or protest; give notice of protest, nonacceptance or nonpayment; or do any other thing for the protection, enforcement or collection of such Collateral. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral for the benefit of Lender and shall not impose any duty upon

Lender to exercise any such powers. Except as otherwise agreed by Lender, Lender shall be accountable only for amounts that Lender actually receives as a result of the exercise of such powers, and neither Lender and its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder.

5.2 Negotiations with Account Borrowers. Upon the occurrence and during the continuation of any Event of Default, Lender may extend or consent to the extension of the time of payment or maturity of any Instruments, Accounts, Chattel Paper or General Intangibles that are included in the collateral.

5.3 Right to Assign. Lender may transfer the whole or any part of the Secured Obligations and may transfer therewith as collateral security the whole or any part of the Collateral; and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee and shall bind the successors and assigns of the parties hereto. Without the prior written consent of Lender, Borrower will not (i) sell, assign (by operation of law or otherwise, excluding a merger into a wholly-owned subsidiary which is owned, following such merger, by the shareholders of the Borrower prior to the merger), exchange, or otherwise dispose of any of the Collateral (except for sales, assignments, transfers or other conveyances occurring in the ordinary course of its business or unless Lender is at all times afforded security equal to or greater than that offered by the Collateral acceptable to Lender, in its reasonable discretion, at the date hereof); or (ii) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral.

5.4 Duties Regarding Collateral. Beyond the safe custody thereof, Lender shall not have any duty as to any Collateral in its possession or control, or as to any preservation of any rights of or against other parties.

5.5 Collection From Account Debtors. Upon the occurrence and during the continuation of any Event of Default, Borrower shall, upon demand by Lender (and without any grace or cure period), notify all Account Debtors to make payment to Lender of any amounts due or to become due. Borrower authorizes Lender to contact the Account Debtors for the purpose of having all or any of them pay their obligations directly to Lender. Upon demand by Lender, Borrower shall enforce collection of any indebtedness owed to it by Account Debtors.

5.6 Inspection. Lender, from time to time at reasonable times and intervals, may inspect the Equipment and Inventory and inspect, audit and make copies of and extracts from all records and all other papers in the possession of Borrower.

5.7 Borrower's Rights. Until an Event of Default under the Note or this Agreement or except as expressly provided for herein, the Borrower 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.

6. Lender's Rights and Remedies.

6.1 General. Any material breach of this Agreement which is reasonable capable of being cured within ten (10) days of such breach but is not cured within such time shall constitute an Event of Default under this Agreement; provided, however, that any breach under this Agreement that arises solely in connection with a breach of an obligation provided in another agreement, shall be subject to any notice and/or cure periods that are provided for in the other

agreement as they relate to such obligation. Any Event of Default under the Note shall constitute an Event of Default under this Agreement. Upon the occurrence of any such Event of Default, Lender may exercise the rights and remedies under this Agreement, and may exercise any other rights and remedies at law and in equity, including without limitation remedies available under the Uniform Commercial Code, simultaneously or consecutively, all of which rights and remedies shall be cumulative. The choice of one or more rights or remedies shall not be construed as a waiver or election barring other rights and remedies. Borrower hereby acknowledges and agrees that Lender is not required to exercise all rights and remedies available to it equally with respect to all the Collateral and that Lender may select less than all the Collateral with respect to which the rights and remedies as determined by Lender may be exercised.

6.2 Notice of Sale; Duty to Assemble Collateral. In addition to or in conjunction with the rights and remedies referred to in Section 6.1 hereof:

(a) Written notice mailed to Borrower at the address designated herein ten (10) days or more prior to the date of public or private sale of any of the Collateral shall constitute reasonable notice.

(b) If Lender requests, Borrower will assemble the Collateral and make it available to Lender at places that Lender shall reasonably select, whether on Borrower's premises or elsewhere.

6.3 Disposition of Collateral. In addition to all rights and remedies provided in this Agreement or by law, if an Event of Default occurs, Lender may dispose of any of the Collateral at public auction or private sale in its then present condition or following such preparation and processing as Lender deems commercially reasonable. Lender has no duty to the Borrower to prepare or process the Collateral prior to sale. Lender may disclaim warranties of title, possession, quiet enjoyment and the like. Such actions by Lender shall not affect the commercial reasonableness of the sale. Further, Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

7. General Provisions.

7.1 Entire Agreement. This Agreement and the Note set forth all the promises, covenants, agreements, conditions and understandings between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied oral or written, with respect thereto, except as contained or referred to herein. This Agreement may not be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought.

7.2 Invalidity. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereunder, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

7.3 Nonwaiver and Nonexclusive Rights and Remedies.

(a) No right or remedy herein conferred upon or reserved to Lender is intended to be to the exclusion of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given hereunder and now or hereafter existing at law or in equity.

(b) No delay or omission by Lender in exercising any right or remedy accruing upon an Event of Default shall impair any such right or remedy, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or of a different nature.

7.4 Termination of Security Interest. When all the Secured Obligations have been paid in full the security interest provided herein shall terminate and Lender shall return to Borrower all Collateral then held by Lender, if any, and upon written request of Borrower, shall execute, in form for filing, termination statements of the security interests herein granted, in each case at the expense of Borrower. Thereafter, no party hereto shall have any further rights or obligations hereunder.

7.5 Assignment. The Borrower may not assign this Agreement nor any of its rights, interests or obligations hereunder without the prior written consent of Lender; provided, that no such consent will be required in the event of: (a) the acquisition of all or substantially all the assets of Borrower or (b) the acquisition of Borrower by another corporation or entity by consolidation, merger or other reorganization in which the holders of Borrower's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than fifty percent (50%) or more of the voting power of the corporation or other entity surviving such transaction. Except as otherwise provided herein, all rights of Lender hereunder shall inure to the benefit of its respective successors and assigns, and all obligations of Borrower shall be binding upon its successors and assigns.

7.6 The Lender's Appointment as Attorney in Fact.

(a) Borrower hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney in fact, which shall be deemed coupled with an interest and shall be irrevocable, with full power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement, including, without limitation: (a) to demand, sue for, and give an effectual discharge of any sum payable to Borrower for Collateral assigned to Lender; (b) to endorse in Lender's favor any negotiable instrument drawn in Borrower's favor in payment of the Collateral assigned to Lender; (c) to execute on behalf of Borrower any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as Lender may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to Lender in the Collateral; (d) to adjust, make, pursue, settle and collect any insurance claim in connection with

this Agreement; and (e) to discharge taxes and encumbrances at any time levied or placed on the Collateral, or otherwise protect the Collateral, and to make repairs thereof. The Borrower agrees to reimburse Lender on demand for any and all expenditures made in connection with any of the foregoing powers exercised by Lender hereunder.

(b) Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(c) Borrower also authorizes Lender, at any time and from time to time, to execute, in connection with the sale provided for in Article VI hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(d) The powers conferred on Lender hereunder are solely to protect Lender's interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable to the Borrower only for amounts that they actually receive as a result of the exercise of such powers, and neither Lender nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder; provided, that Borrower is entitled to rely on directions to act and notice given by Lender as constituting directions to act or notice given directly from Lender.

7.7 Performance by Lender of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Agreement, shall perform or comply, or otherwise cause performance or compliance, with such agreement, the expense of Lender incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in the Note upon the occurrence of an Event of Default, shall be payable by Borrower to Lender.

7.8 Governing Law; Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with and shall be governed by the laws of the state of Delaware, without regard to the choice of law rules thereof. Borrower and Lender hereby submit themselves to the exclusive *in personam* jurisdiction of the courts of the Commonwealth of Massachusetts. Venue for any proceeding arising out of or related to this Agreement shall lie exclusively in Boston, Massachusetts. Borrower and Lender waive the right to bring any action arising out of or related to this Agreement in any other forum. **Borrower and Lender hereby waive the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement. Borrower and Lender hereby acknowledge that this provision has been voluntarily entered into and has been separately bargained for.** The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

7.9 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively delivered (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax by the party to be notified, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address indicated below, or at such other address

as such party may designate by ten (10) days' advance written notice to the other party given in the foregoing manner.

If to Lender: Security Innovation, Inc.
187 Ballardvale Street
Suite A195
Wilmington, MA 01887
Attention: Edward A. Adams

With a copy to: GrayRobinson, P.A.
1795 Nasa Blvd.
Melbourne, Florida 32901
Attn: John Kancilia, Esq

If to Borrower: NTRU Cryptosystems, Inc.
35 Nagog Park
Acton, Massachusetts 01720

With a copy to: Gunderson Dettmer Stough et al
610 Lincoln Street
Waltham, MA 02451
Attn: Janene I. Asgeirsson, Esq.

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

[Signature Page Follows]

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

LENDER:

SECURITY INNOVATION, INC.

By: 

Name: Edward A. Adams

Title: President and CEO

Address: 187 Ballardvale Street
Suite A195
Wilmington, MA 01887

BORROWER:

NTRU Cryptosystems, Inc.

By: _____

Name: _____

Title: _____

Address: 35 Nagog Park
Acton, Massachusetts 01720

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

LENDER:

SECURITY INNOVATION, INC.

By: _____

Name: Edward A. Adams

Title President and CEO

Address: 187 Ballardvale Street

Suite A195

Wilmington, MA 01887

BORROWER:

NTRU Cryptosystems, Inc.

By: _____

Name: _____

Title: _____

Address: 35 Nagog Park

Acton, Massachusetts 01720

PROMISSORY NOTE

\$65,000.00

June __, 2009

FOR VALUE RECEIVED, NTRU Cryptosystems Inc., a Delaware corporation (hereinafter called "Maker"), hereby agrees and promises to pay to the order of Security Innovation, Inc., a Delaware corporation (hereinafter called "Holder"), at 187 Ballardvale Street, Suite A195, Wilmington, MA 01887 or such other place as Holder may designate in writing, in lawful money of the United States of America, the principal sum of sixty-five thousand dollars (\$65,000.00), together with interest thereon from the date hereof until maturity at the rate of ten percent (10%) per annum, such principal sum and interest to be paid:

(a) All principal and accrued interest shall be payable ten (10) days after delivery of written demand for payment by Holder to Maker. Until demand for payment is made, interest shall be payable annually upon each anniversary of the date of this Note.

(b) Each payment shall be applied first to the payment of the interest then accrued and due on the unpaid principal balance under this Note and the remainder, if any, of each payment, shall be applied to the reduction of the unpaid principal. All interest hereunder shall be calculated on the basis of a three hundred sixty-five (365) day year.

(c) If any payment of principal or interest provided for herein is not paid when due, each and every such delinquent payment, including the entire principal balance and accrued interest in the event of an acceleration of this Note as provided below, shall bear interest to the extent permitted by law at the maximum rate permitted by applicable law from its due date until date of payment.

(d) In the event any payment required hereunder shall become overdue for a period in excess of ten (10) days, a charge of five percent (5%) of such overdue installment may be charged by the Holder hereof for the purpose of defraying the expense incident to handling such delinquent payment. In addition to any other remedies Holder may have, the entire unpaid principal balance, accrued interest and other charges under this Note shall become immediately due and payable without notice or demand in the event any payment required hereunder is not made when due.

(e) The rights or remedies of the Holder as provided in this Note, any documents providing for collateral or security for this Note (the "Security Documents") shall be cumulative and concurrent, and may be pursued singly, successively, or together against the property described in the Security Documents, and other funds, property or security held by Holder for the payment hereof or otherwise at the sole discretion of the Holder. The failure to exercise any such right or remedy shall in no event be construed as

a waiver or release of such rights or remedies or the right to exercise them at any later time.

(f) All agreements between the undersigned and the Holder hereof, whether now existing or whether hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid or agreed to be paid to the Holder for the use, forbearance of detention of the money loaned hereunder, or advanced for the performance or payment of any covenant or obligation contained herein or in any other document evidencing, security or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of any such other document, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, and if from such circumstance the Holder hereof shall ever receive anything of value deemed by applicable law to be interest in any amount that would exceed the highest lawful rate payable hereunder, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, and if the amount that would be excessive interest exceeds the principal balance then owing, such excess shall be refunded to the party paying the same. It is further agreed, without limitation of the foregoing, that all calculations of the rate of interest contracted for, charged, or received under this Note, or under any instrument evidencing or securing the loan evidenced hereby, that are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating, and spreading throughout the full stated term of the loan evidenced hereby, all such interest at any time contracted for, charged, or received from the undersigned or otherwise by the Holder in connection with such loan so that the rate of interest on account of such indebtedness, as so calculated, is uniform throughout the term hereof. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the parties.

(g) Maker and all endorsers, guarantors, sureties, accommodation parties hereof and all other persons liable or to become liable on this Note, jointly and severally agree to pay all reasonable costs of collection, including reasonable attorneys' fees (including paralegal fees) and all costs of suit, in case the unpaid principal sum of this Note, or any payment of interest thereon, is not paid when due, or in case it becomes necessary to protect the security for the indebtedness evidenced hereby, or for the foreclosure by the Holder of the Security Documents or in the event the Holder is made a party to any litigation because of the existence of the indebtedness evidenced by this Note, or because of the existence of the Security Documents, whether suit be brought or not, and whether through courts of original jurisdiction, as well as in courts of appellate jurisdiction, or through a Bankruptcy Court or other legal proceedings.

(h) This Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change or modification or discharge is sought.

(i) Whenever used herein, the words "Maker" and "Holder" shall be deemed to include their respective heirs, personal representatives, successors and assigns. If Maker constitutes more than one party, all parties which constitute Maker shall be jointly and severally liable with respect to the obligations hereunder and under any instrument securing this Note.

(j) This Note shall be construed to and governed by the laws of the State of Delaware and the laws of the United States of America applicable to transactions in the State of Delaware. Maker and Holder hereby submit themselves to the exclusive *in personam* jurisdiction of the courts of the Commonwealth of Massachusetts for any action arising out of or related to this Note. Venue shall lie exclusively in Boston, Massachusetts. The initiation of any action or proceeding in any other form is expressly waived.

(k) Maker hereby waives demand, presentment, protest and notice of dishonor, waives suit against or joinder of any other person, waives the right to interpose or set-off or non-compulsory counterclaim or to plead laches or any statute of limitations as a defense in any such action or proceeding.

(l) This Note may be prepaid in whole or in part at any time without penalty.

(m) Maker waives the right to trial by jury (which Holder hereby also waives) in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Note. Maker hereby acknowledges that this provision has been voluntarily entered into and has been separately bargained for.

IN WITNESS WHEREOF, Maker has executed this Note as of the date of the first hereinabove written.

NTRU Cryptosystems, Inc.

By: 

Name: Jeffrey R. D'Elia

Title: President

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of June ____, 2009 by NTRU Cryptosystems, Inc., a Delaware corporation ("Borrower"), and Security Innovation, Inc., a Delaware corporation ("Lender").

WITNESSETH:

WHEREAS, Concurrently with the execution hereof, Lender and Borrower entered into an agreement pursuant to which Lender agreed to receive a certain Promissory Note (the "Note") for making a certain loan to Borrower (the "Loan"); and

WHEREAS, Borrower wishes to grant to Lender a security interest in all its assets as security for all the Secured Obligations (as defined below).

NOW, THEREFORE, in order for Lender to make the Loan, Borrower agrees as follows:

1. Definitions.

The terms "Account," "Chattel Paper," "Deposit Account," "Document," "Electronic Chattel Paper," "Equipment," "Financial Assets," "General Intangible," "Goods," "Health Care Insurance Receivables," "Instrument," "Inventory," "Investment Property," "Letter of Credit Rights," "Payment Intangible" and "Supporting Obligation," shall have the meanings defined in the Uniform Commercial Code as enacted in Delaware, as amended from time to time.

When used in this Agreement, the following terms shall have the following meanings:

"Account Debtor" means the party who is obligated on or under any Account, Chattel Paper or General Intangible.

"Collateral" means all property, real, personal and mixed, tangible and intangible, wherever located, now owned or hereafter acquired by Borrower, or in which Borrower has or later obtains an interest, and all products, profits, rents and proceeds of such property, including but not limited to Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Financial Assets, General Intangibles (including Payment Intangibles), Goods, Health Care Insurance Receivables, Instruments, Inventory, Investment Property, Letter of Credit Rights, Supporting Obligations, Patents, Copyrights and Trademarks, all claims for tax refund, whether now existing or hereafter arising, of Borrower against any city, county, state or federal government or any agency or authority or other subdivision thereof, and the proceeds thereof and all of Borrower's drawings, designs, blueprints and sketches, used or usable in connection with Borrower's business; all customer lists, ledger and account cards, computer tapes, discs and printouts, and books and records of Borrower; and any and all other properties and assets of Borrower of whatever nature, tangible or intangible, wherever located and whether now or hereafter existing.

"Copyrights" means any copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, and all renewals of any of the foregoing, all income, royalties, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Event of Default" means failure of Borrower to make a required payment under the Note or any other default of Borrower under the Note or as provided in Section 6.1.

"Patents" means any patents and patent applications, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Secured Obligations" means all obligations and liabilities of every nature of Borrower now or hereafter existing under or arising out of or in connection with the Note, whether for principal, interest (including without limitation interest that, but for the filing of a petition in bankruptcy with respect to Borrower, would accrue on such obligations), fees, expenses, indemnities or otherwise, whether voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owned with others, and whether or not from time to time decreased or extinguished and later increased, created, or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from Lender as a preference, fraudulent transfer, or otherwise, all attorneys' fees and other costs and expenses incurred by Lender in connection with the enforcement of the rights and remedies reserved in the Note and this Agreement, through all appeals, and all obligations of every nature of Borrower now or hereafter existing under this Agreement.

"Trademark" means (a) any trademark, trade name, corporate name, company name, business name, fictitious business name, trade style, service mark, logo or other source or business identifier, and the goodwill associated therewith, now existing or hereafter adopted or acquired, any registration or recording thereof, and any application in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States or of any state thereof or any other country or any political subdivision thereof, or otherwise, and (b) all renewals thereof.

2. Grant of Security Interest. As security for the payment and satisfaction of the Secured Obligations, Borrower hereby grants to Lender a continuing security interest in and assigns to Lender all of Borrower's right, title and interest in the Collateral and all products, profits, rents and proceeds thereof.

3. Covenants of Borrower. Borrower shall fully perform each of the covenants set forth below.

3.1 Obligations to Pay.

(a) Borrower shall pay to Lender, as and when due and in full, all amounts payable by Borrower to Lender, pursuant to the Note; and

(b) Borrower shall pay and reimburse Lender for other Secured Obligations including reasonable attorneys' fees and legal expenses incurred in connection with the exercise by Lender of any of their rights or remedies under this Agreement or the Note.

3.2 Performance. Borrower shall fully perform in a timely fashion every covenant, agreement and obligation set forth in this Agreement and the Note.

3.3 Further Documentation. Upon the written request of the Lender, and at the sole expense of the Borrower, the Borrower will promptly execute and deliver such further instruments and documents and take such further actions as Lender may deem desirable to obtain the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, filing of any financing statement under the Uniform Commercial Code, execution of assignments of General Intangibles, delivery of appropriate stock or bond powers, transfer of Collateral (other than Inventory, Accounts and Equipment) to Lender's possession. The Borrower hereby authorizes Lender to file any such financing statement without the signature of the Borrower to the extent permitted by applicable law, and to file a copy of this Agreement in lieu of a financing statement.

3.4 Filing Fees. Borrower shall pay to Lender all costs of filing this Agreement with the U.S. Patent and Trademark Office and any financing, continuation or termination statement with respect to the security interests granted herein.

3.5 Maintenance of Records. Borrower shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral including but not limited to a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Borrower shall mark its books and records pertaining to the Collateral to evidence this Agreement and the security interests granted herein. Borrower shall deliver and turn over to Lender all books and records pertaining to the Collateral at any time after the occurrence and during the continuation of an Event of Default, if so demanded by Lender.

3.6 Indemnification. Borrower agrees to pay, and to indemnify Lender and hold Lender harmless from, all liabilities, costs and expenses including but not limited to legal fees and expenses with respect to or resulting from (a) any delay in paying any excise, sales or other taxes that may be payable or determined to be payable with respect to any of the Collateral, (b) any delay by Borrower in complying with any requirement of law applicable to any of the Collateral, (c) any act or omission by Lender relating to the care, custody or protection of the Collateral, (d) any fees incurred in connection with collection of amounts due under the Note or enforcing remedies under this Agreement following an Event of Default, or (e) otherwise in connection the transactions contemplated by this Agreement. In any suit, proceeding or action brought by Lender under any Account or Payment Intangible to enforce payment of any sum owing thereunder or to enforce any provisions of any Account or Payment Intangible, Borrower will indemnify Lender and hold Lender harmless from all expense, loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment, reduction or liability whatsoever of the Account Debtor thereunder arising out of a breach by Borrower of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such Account Debtor or its successors from Borrower.

3.7 Further Identification of Collateral. Borrower will furnish to Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Lender may request, all in reasonable detail.

3.8 Notices. Borrower will advise Lender promptly in reasonable detail at its address set forth in Section 7.9 hereof (a) of any lien on or claim asserted against any of the Collateral

and (b) of the occurrence of any other event that could reasonably be expected to have a material adverse effect on the Collateral or on the liens created hereunder.

3.9 Changes in Locations, Name, Etc. Borrower will not (a) change its state of organization, (b) change the location of its chief executive office/chief place of business or remove its books and records from the location specified in this Agreement, (c) permit any of the Inventory or Equipment to be kept at locations other than those identified to Lender, or (d) change its name, identity or structure to such an extent that any financing statement filed by Lender in connection with this Agreement would become ineffective or seriously misleading, unless it shall have given Lender at least thirty (30) days' prior written notice thereof.

3.10 Intellectual Property.

(a) Borrower (either itself or through licensees) will (i) continue to use each Trademark, on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for nonuse, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark that is confusingly similar to or a colorable imitation of such Trademark unless Lender shall obtain a perfected security interest in such mark pursuant to this Agreement and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) Borrower will notify Lender immediately if it knows, or has reason to know, of (i) any application or registration relating to any Trademark, Copyright or Patent material to its business that may become abandoned or dedicated or (ii) any adverse determination or development (including but not limited to the institution of, or any adverse determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding Borrower's ownership of any material Trademark, Copyright or Patent or its right to register, keep or maintain the same.

(c) Whenever Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any material Trademark, Copyright or Patent with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, Borrower shall report such filing to Lender within five (5) business days after the last day of the calendar month in which such filing occurs. Borrower shall execute and deliver to Lender all agreements, instruments, powers of attorney, documents and papers that Lender may request to evidence Lender's security interest in any Trademark, Copyright or Patents and in the goodwill and general intangibles of Borrower relating to or represented by such Trademark, Copyright or Patent. Borrower hereby constitutes Lender as its attorney in fact to execute and file all such writings for the foregoing purposes, including pursuant to Section 3.3 above, with all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, is irrevocable until all Secured Obligations are paid in full.

(d) Borrower will take all reasonable and necessary steps, including but not limited to all reasonable and necessary steps in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency in any

other country or any political subdivision thereof, to maintain and pursue each application, to obtain the relevant registration, and to maintain each registration of material Trademarks, Copyrights and Patents, including but not limited to filing applications for renewal, affidavits of use and affidavits of incontestability.

(e) If any Trademark, Copyright or Patent that is included in the Collateral is infringed, misappropriated or diluted by a third party, Borrower shall promptly notify Lender after it learns thereof and shall take such action as Borrower reasonably deems appropriate under the circumstances to protect such Trademark, Copyright or Patent.

3.11 Insurance. Borrower agrees to maintain commercially reasonable insurance policies to insure the Collateral against all hazards. If Borrower fails to obtain such insurance, Lender shall have the right, but not the obligation, to obtain either insurance covering both Borrower's and Lender's interest in the Collateral or insurance covering only Lender's interest in the Collateral. Borrower agrees to pay any premium charged for such insurance. Any unpaid insurance premium advanced by Lender shall be secured under the terms of this Agreement. Lender will not have any liability whatsoever for any loss which may occur by reason of the omission or lack of coverage of any such insurance. Borrower hereby assigns to Lender the right to receive proceeds of such insurance to the full amount of the Secured Obligations and hereby directs any insurer to pay all proceeds directly to Lender, and authorizes Lender to endorse any draft. In Lender's discretion, Lender may apply any insurance proceeds either toward repair of the property or reduction of the balance of the Secured Obligations.

3.12 Other Liens; Disposition of Collateral. Borrower will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any lien on the Collateral and will defend the right, title and interest of Lender in and to the Collateral and in and to all proceeds thereof against the claims and demands of all persons whatsoever. Borrower will not sell, assign, transfer or otherwise convey an interest in the Collateral except for sales, assignments, transfers or other conveyances occurring in the ordinary course of its business or unless Lender is at all times afforded security equal to or greater than that offered by the Collateral acceptable to Lender, in their reasonable discretion, at the date hereof.

3.13 Taxes. Borrower will pay promptly before delinquent all property and other taxes, assessments, and governmental charges or levies imposed upon, and all claims (including claims for labor, materials, and supplies) against, the Collateral, and all income and other taxes imposed upon Borrower, except to the extent the validity thereof is being contested diligently and in good faith by proper proceedings by Borrower.

3.14 Deposit Accounts. Borrower shall not open any new accounts unless Borrower shall have given Lender ten (10) business days' prior written notice of its intent to open any such new accounts. Borrower hereby authorizes the financial institutions at which Borrower maintains an account to provide Lender with such information with respect to such account as Lender from time to time reasonably may request, and Borrower hereby consents to such information being provided to Lender.

4. Representations and Warranties. Borrower hereby makes the following representations and warranties as of the date hereof:

4.1 Title to Collateral. Borrower has good and marketable title to all the Collateral, free and clear of all liens. To the best of Borrower's knowledge, this Agreement is effective to create in favor of Lender for the benefit of Lender a valid security interest in and lien upon all of Borrower's right, title and interest in and to the Collateral, and, upon the filing of appropriate Uniform Commercial Code financing statements in accordance with applicable law, such security interest will be duly perfected in all the Collateral.

4.2 No Impairment of Collateral. None of the Collateral shall be impaired or jeopardized because of the security interest herein granted.

4.3 Location of Records. The address of the office where the books and records of Borrower are kept concerning the Collateral is Borrower's principal office at 35 Nagog Park, Acton, Massachusetts 01720 or such other address as Borrower may subsequently designate to Lender in writing.

4.4 Location of Collateral. The locations of all Inventory and Equipment of Borrower are Borrower's principal place of business described in Section 4.3 and such other addresses as Borrower may subsequently designate to Lender in writing.

4.5 Name. Borrower's legal name is "NTRU Cryptosystems, Inc." and Borrower conducts its business only under the name "NTRU Cryptosystems, Inc.". Borrower's EIN number is 05-0493066.

4.6 Accounts. The amount represented by Borrower to Lender from time to time as owing by each Account Debtor or by all Account Debtors in respect of the Accounts and Payment Intangibles will at such time be the correct amount actually owing by such Account Debtor or Debtors thereunder. No material amount payable to Borrower under or in connection with any Account or Payment Intangible is evidenced by any Instrument or Chattel Paper that has not been delivered to Lender.

4.7 State of Organization. Borrower's state of organization is Delaware.

4.8 Chief Executive Office. Borrower's chief executive office and chief place of business is located at the address set forth in Section 4.3.

5. Rights With Respect To The Collateral.

5.1 No Duty on Lender's Part. Lender shall not be required (except at its option upon the occurrence and during the continuation of any Event of Default) to realize upon any Accounts, Financial Assets, Instruments, Investment Property, Chattel Paper or General Intangibles; collect the principal, interest or payment due thereon, exercise any rights or options of Borrower pertaining thereto; make presentment, demand or protest; give notice of protest, nonacceptance or nonpayment; or do any other thing for the protection, enforcement or collection of such Collateral. The powers conferred on Lender hereunder are solely to protect Lender's interests in the Collateral for the benefit of Lender and shall not impose any duty upon Lender to exercise any such powers. Except as otherwise agreed by Lender, Lender shall be accountable only for amounts that Lender actually receives as a result of the exercise of such powers, and neither Lender and its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder.

5.2 Negotiations with Account Borrowers. Upon the occurrence and during the continuation of any Event of Default, Lender may extend or consent to the extension of the time of payment or maturity of any Instruments, Accounts, Chattel Paper or General Intangibles that are included in the collateral.

5.3 Right to Assign. Lender may transfer the whole or any part of the Secured Obligations and may transfer therewith as collateral security the whole or any part of the Collateral; and all obligations, rights, powers and privileges herein provided shall inure to the benefit of the assignee and shall bind the successors and assigns of the parties hereto. Without the prior written consent of Lender, Borrower will not (i) sell, assign (by operation of law or otherwise, excluding a merger into a wholly-owned subsidiary which is owned, following such merger, by the shareholders of the Borrower prior to the merger), exchange, or otherwise dispose of any of the Collateral (except for sales, assignments, transfers or other conveyances occurring in the ordinary course of its business or unless Lender is at all times afforded security equal to or greater than that offered by the Collateral acceptable to Lender, in its reasonable discretion, at the date hereof); or (ii) create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral.

5.4 Duties Regarding Collateral. Beyond the safe custody thereof, Lender shall not have any duty as to any Collateral in its possession or control, or as to any preservation of any rights of or against other parties.

5.5 Collection From Account Debtors. Upon the occurrence and during the continuation of any Event of Default, Borrower shall, upon demand by Lender (and without any grace or cure period), notify all Account Debtors to make payment to Lender of any amounts due or to become due. Borrower authorizes Lender to contact the Account Debtors for the purpose of having all or any of them pay their obligations directly to Lender. Upon demand by Lender, Borrower shall enforce collection of any indebtedness owed to it by Account Debtors.

5.6 Inspection. Lender, from time to time at reasonable times and intervals, may inspect the Equipment and Inventory and inspect, audit and make copies of and extracts from all records and all other papers in the possession of Borrower.

5.7 Borrower's Rights. Until an Event of Default under the Note or this Agreement or except as expressly provided for herein, the Borrower 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.

6. Lender's Rights and Remedies.

6.1 General. Any material breach of this Agreement which is reasonable capable of being cured within ten (10) days of such breach but is not cured within such time shall constitute an Event of Default under this Agreement; provided, however, that any breach under this Agreement that arises solely in connection with a breach of an obligation provided in another agreement, shall be subject to any notice and/or cure periods that are provided for in the other agreement as they relate to such obligation. Any Event of Default under the Note shall constitute an Event of Default under this Agreement. Upon the occurrence of any such Event of Default, Lender may exercise the rights and remedies under this Agreement, and may exercise any other rights and remedies at law and in equity, including without limitation remedies available under the Uniform Commercial Code, simultaneously or consecutively, all of which rights and

remedies shall be cumulative. The choice of one or more rights or remedies shall not be construed as a waiver or election barring other rights and remedies. Borrower hereby acknowledges and agrees that Lender is not required to exercise all rights and remedies available to it equally with respect to all the Collateral and that Lender may select less than all the Collateral with respect to which the rights and remedies as determined by Lender may be exercised.

6.2 Notice of Sale; Duty to Assemble Collateral. In addition to or in conjunction with the rights and remedies referred to in Section 6.1 hereof:

(a) Written notice mailed to Borrower at the address designated herein ten (10) days or more prior to the date of public or private sale of any of the Collateral shall constitute reasonable notice.

(b) If Lender requests, Borrower will assemble the Collateral and make it available to Lender at places that Lender shall reasonably select, whether on Borrower's premises or elsewhere.

6.3 Disposition of Collateral. In addition to all rights and remedies provided in this Agreement or by law, if an Event of Default occurs, Lender may dispose of any of the Collateral at public auction or private sale in its then present condition or following such preparation and processing as Lender deems commercially reasonable. Lender has no duty to the Borrower to prepare or process the Collateral prior to sale. Lender may disclaim warranties of title, possession, quiet enjoyment and the like. Such actions by Lender shall not affect the commercial reasonableness of the sale. Further, Lender may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

7. General Provisions.

7.1 Entire Agreement. This Agreement and the Note set forth all the promises, covenants, agreements, conditions and understandings between the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied oral or written, with respect thereto, except as contained or referred to herein. This Agreement may not be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, discharge or termination is sought.

7.2 Invalidity. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereunder, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

7.3 Nonwaiver and Nonexclusive Rights and Remedies.

(a) No right or remedy herein conferred upon or reserved to Lender is intended to be to the exclusion of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given hereunder and now or hereafter existing at law or in equity.

(b) No delay or omission by Lender in exercising any right or remedy accruing upon an Event of Default shall impair any such right or remedy, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it affect any subsequent Event of Default of the same or of a different nature.

7.4 Termination of Security Interest. When all the Secured Obligations have been paid in full the security interest provided herein shall terminate and Lender shall return to Borrower all Collateral then held by Lender, if any, and upon written request of Borrower, shall execute, in form for filing, termination statements of the security interests herein granted, in each case at the expense of Borrower. Thereafter, no party hereto shall have any further rights or obligations hereunder.

7.5 Assignment. The Borrower may not assign this Agreement nor any of its rights, interests or obligations hereunder without the prior written consent of Lender; provided, that no such consent will be required in the event of: (a) the acquisition of all or substantially all the assets of Borrower or (b) the acquisition of Borrower by another corporation or entity by consolidation, merger or other reorganization in which the holders of Borrower's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than fifty percent (50%) or more of the voting power of the corporation or other entity surviving such transaction. Except as otherwise provided herein, all rights of Lender hereunder shall inure to the benefit of its respective successors and assigns, and all obligations of Borrower shall be binding upon its successors and assigns.

7.6 The Lender's Appointment as Attorney in Fact.

(a) Borrower hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney in fact, which shall be deemed coupled with an interest and shall be irrevocable, with full power and authority in the place and stead of Borrower and in the name of Borrower or in its own name, from time to time in Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement, including, without limitation: (a) to demand, sue for, and give an effectual discharge of any sum payable to Borrower for Collateral assigned to Lender; (b) to endorse in Lender's favor any negotiable instrument drawn in Borrower's favor in payment of the Collateral assigned to Lender; (c) to execute on behalf of Borrower any notes, chattel paper, UCC financing statements, amendments thereto and continuations thereof (or similar statements of notice, registration, amendment or continuation under the laws of any jurisdiction), or other writing in connection with this Agreement or the Collateral as Lender may require for the purpose of protecting, maintaining or enforcing the Collateral or the security interest granted to Lender in the Collateral; (d) to adjust, make, pursue, settle and collect any insurance claim in connection with this Agreement; and (e) to discharge taxes and encumbrances at any time levied or placed on the Collateral, or otherwise protect the Collateral, and to make repairs thereof. The Borrower agrees to reimburse Lender on demand for any and all expenditures made in connection with any of the foregoing powers exercised by Lender hereunder.

(b) Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(c) Borrower also authorizes Lender, at any time and from time to time, to execute, in connection with the sale provided for in Article VI hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(d) The powers conferred on Lender hereunder are solely to protect Lender's interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. Lender shall be accountable to the Borrower only for amounts that they actually receive as a result of the exercise of such powers, and neither Lender nor any of its officers, directors, employees or agents shall be responsible to Borrower for any act or failure to act hereunder; provided, that Borrower is entitled to rely on directions to act and notice given by Lender as constituting directions to act or notice given directly from Lender.

7.7 Performance by Lender of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Agreement, shall perform or comply, or otherwise cause performance or compliance, with such agreement, the expense of Lender incurred in connection with such performance or compliance, together with interest thereon at the rate provided for in the Note upon the occurrence of an Event of Default, shall be payable by Borrower to Lender.

7.8 Governing Law; Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with and shall be governed by the laws of the state of Delaware, without regard to the choice of law rules thereof. Borrower and Lender hereby submit themselves to the exclusive *in personam* jurisdiction of the courts of the Commonwealth of Massachusetts. Venue for any proceeding arising out of or related to this Agreement shall lie exclusively in Boston, Massachusetts. Borrower and Lender waive the right to bring any action arising out of or related to this Agreement in any other forum. **Borrower and Lender hereby waive the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Agreement. Borrower and Lender hereby acknowledge that this provision has been voluntarily entered into and has been separately bargained for.** The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

7.9 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively delivered (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax by the party to be notified, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address indicated below, or at such other address as such party may designate by ten (10) days' advance written notice to the other party given in the foregoing manner.

If to Lender:	Security Innovation, Inc. 187 Ballardvale Street Suite A195 Wilmington, MA 01887 Attention: Edward A. Adams
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With a copy to: GrayRobinson, P.A.
1795 Nasa Blvd.
Melbourne, Florida 32901
Attn: John Kancilia, Esq

If to Borrower: NTRU Cryptosystems, Inc.
35 Nagog Park
Acton, Massachusetts 01720

With a copy to: Gunderson Dettmer Stough et al
610 Lincoln Street
Waltham, MA 02451
Attn: Janene I. Asgeirsson, Esq.

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

[Signature Page Follows]

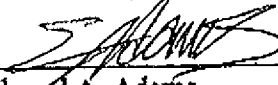
Jun. 26. 2009 5:27PM

No. 3980 P. 2/2

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

LENDER:

SECURITY INNOVATION, INC.

By: 
Name: Edward A. Adams
Title: President and CEO
Address: 187 Ballardvale Street
Suite A195
Wilmington, MA 01887

BORROWER:

NTRU Cryptosystems, Inc.

By: _____
Name: _____
Title: _____
Address: 35 Nagog Park
Acton, Massachusetts 01720

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

LENDER:

SECURITY INNOVATION, INC.

By:

Name: Edward A. Adams

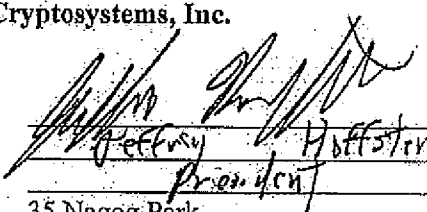
Title: President and CEO

Address: 187 Ballardvale Street
Suite A195
Wilmington, MA 01887

BORROWER:

NTRU Cryptosystems, Inc.

By:

Name:  Jeffrey Hoffstrom

Title: president

Address: 35 Nagog Park
Acton, Massachusetts 01720

PROMISSORY NOTE

\$11,500.00

July 6, 2009

FOR VALUE RECEIVED, NTRU Cryptosystems Inc., a Delaware corporation (hereinafter called "Maker"), hereby agrees and promises to pay to the order of Security Innovation, Inc., a Delaware corporation (hereinafter called "Holder"), at 187 Ballardvale Street, Suite A195, Wilmington, MA 01887 or such other place as Holder may designate in writing, in lawful money of the United States of America, the principal sum of eleven thousand five hundred dollars (\$11,500.00), together with interest thereon from the date hereof until maturity at the rate of ten percent (10%) per annum, such principal sum and interest to be paid:

(a) All principal and accrued interest shall be payable ten (10) days after delivery of written demand for payment by Holder to Maker. Until demand for payment is made, interest shall be payable annually upon each anniversary of the date of this Note.

(b) Each payment shall be applied first to the payment of the interest then accrued and due on the unpaid principal balance under this Note and the remainder, if any, of each payment, shall be applied to the reduction of the unpaid principal. All interest hereunder shall be calculated on the basis of a three hundred sixty-five (365) day year.

(c) If any payment of principal or interest provided for herein is not paid when due, each and every such delinquent payment, including the entire principal balance and accrued interest in the event of an acceleration of this Note as provided below, shall bear interest to the extent permitted by law at the maximum rate permitted by applicable law from its due date until date of payment.

(d) In the event any payment required hereunder shall become overdue for a period in excess of ten (10) days, a charge of five percent (5%) of such overdue installment may be charged by the Holder hereof for the purpose of defraying the expense incident to handling such delinquent payment. In addition to any other remedies Holder may have, the entire unpaid principal balance, accrued interest and other charges under this Note shall become immediately due and payable without notice or demand in the event any payment required hereunder is not made when due.

(e) The rights or remedies of the Holder as provided in this Note, any documents providing for collateral or security for this Note (the "Security Documents") shall be cumulative and concurrent, and may be pursued singly, successively, or together against the property described in the Security Documents, and other funds, property or security held by Holder for the payment hereof or otherwise at the sole discretion of the Holder. The failure to exercise any such right or remedy shall in no event be construed as

a waiver or release of such rights or remedies or the right to exercise them at any later time.

(f) All agreements between the undersigned and the Holder hereof, whether now existing or whether hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity hereof, or otherwise, shall the amount paid or agreed to be paid to the Holder for the use, forbearance of detention of the money loaned hereunder, or advanced for the performance or payment of any covenant or obligation contained herein or in any other document evidencing, security or pertaining to the indebtedness evidenced hereby, exceed the maximum amount permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of any such other document, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then ipso facto the obligation to be fulfilled shall be reduced to the limit of such validity, and if from such circumstance the Holder hereof shall ever receive anything of value deemed by applicable law to be interest in any amount that would exceed the highest lawful rate payable hereunder, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing hereunder and not to the payment of interest, and if the amount that would be excessive interest exceeds the principal balance then owing, such excess shall be refunded to the party paying the same. It is further agreed, without limitation of the foregoing, that all calculations of the rate of interest contracted for, charged, or received under this Note, or under any instrument evidencing or securing the loan evidenced hereby, that are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating, and spreading throughout the full stated term of the loan evidenced hereby, all such interest at any time contracted for, charged, or received from the undersigned or otherwise by the Holder in connection with such loan so that the rate of interest on account of such indebtedness, as so calculated, is uniform throughout the term hereof. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between the parties.

(g) Maker and all endorsers, guarantors, sureties, accommodation parties hereof and all other persons liable or to become liable on this Note, jointly and severally agree to pay all reasonable costs of collection, including reasonable attorneys' fees (including paralegal fees) and all costs of suit, in case the unpaid principal sum of this Note, or any payment of interest thereon, is not paid when due, or in case it becomes necessary to protect the security for the indebtedness evidenced hereby, or for the foreclosure by the Holder of the Security Documents or in the event the Holder is made a party to any litigation because of the existence of the indebtedness evidenced by this Note, or because of the existence of the Security Documents, whether suit be brought or not, and whether through courts of original jurisdiction, as well as in courts of appellate jurisdiction, or through a Bankruptcy Court or other legal proceedings.

(h) This Note may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing and signed by the party against whom enforcement of any waiver, amendment, change or modification or discharge is sought.

(i) Whenever used herein, the words "Maker" and "Holder" shall be deemed to include their respective heirs, personal representatives, successors and assigns. If Maker constitutes more than one party, all parties which constitute Maker shall be jointly and severally liable with respect to the obligations hereunder and under any instrument securing this Note.

(j) This Note shall be construed to and governed by the laws of the State of Delaware and the laws of the United States of America applicable to transactions in the State of Delaware. Maker and Holder hereby submit themselves to the exclusive *in personam* jurisdiction of the courts of the Commonwealth of Massachusetts for any action arising out of or related to this Note. Venue shall lie exclusively in Boston, Massachusetts. The initiation of any action or proceeding in any other form is expressly waived.

(k) Maker hereby waives demand, presentment, protest and notice of dishonor, waives suit against or joinder of any other person, waives the right to interpose or set-off or non-compulsory counterclaim or to plead laches or any statute of limitations as a defense in any such action or proceeding.

(l) This Note may be prepaid in whole or in part at any time without penalty.

(m) **Maker waives the right to trial by jury (which Holder hereby also waives) in any action, suit, proceeding or counterclaim of any kind arising out of or related to this Note. Maker hereby acknowledges that this provision has been voluntarily entered into and has been separately bargained for.**

IN WITNESS WHEREOF, Maker has executed this Note as of the date of the first hereinabove written.

NTRU Cryptosystems, Inc.

By: 

Name: J. Hoff

Title: President

Exhibit A

"Collateral" means all property, real, personal and mixed, tangible and intangible, wherever located, now owned or hereafter acquired by Debtor, or in which Debtor has or later obtains an interest, and all products, profits, rents and proceeds of such property, including but not limited to Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Financial Assets, General Intangibles (including Payment Intangibles), Goods, Health Care Insurance Receivables, Instruments, Inventory, Investment Property, Letter of Credit Rights, Supporting Obligations, Patents, Copyrights and Trademarks, all claims for tax refund, whether now existing or hereafter arising, of Debtor against any city, county, state or federal government or any agency or authority or other subdivision thereof, and the proceeds thereof and all of Debtor's drawings, designs, blueprints and sketches, used or usable in connection with Debtor's business; all customer lists, ledger and account cards, computer tapes, discs and printouts, and books and records of Debtor; and any and all other properties and assets of Debtor of whatever nature, tangible or intangible, wherever located and whether now or hereafter existing.

The terms "Account," "Chattel Paper," "Deposit Account," "Document," "Electronic Chattel Paper," "Equipment," "Financial Assets," "General Intangible," "Goods," "Health Care Insurance Receivables," "Instrument," "Inventory," "Investment Property," "Letter of Credit Rights," "Payment Intangible" and "Supporting Obligation," shall have the meanings defined in the Uniform Commercial Code as enacted in Delaware, as amended from time to time.

SRV: 090666583

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

John R. Kancilla (321) 727-8100

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

John R. Kancilla
GrayRobinson, P.A.
1795 West Nona Boulevard
Melbourne, FL 32901

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Use only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME			
OR NTRU Cryptosystems, Inc.			
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME
			SUFFIX
1c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
35 Nagog Park		Acton	MA 01720 US
1d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION
		corporation	Delaware
		1g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Use only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME			
OR 2b. INDIVIDUAL'S LAST NAME			
2c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
2d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION
		2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

3. SECURED PARTY'S NAME (or NAME OF TOTAL ASSIGNEE OF ASSIGNOR SEP) - Use only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME			
OR Security Innovation, Inc.			
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME
			SUFFIX
3c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
187 Ballardvale Street, Suite A195		Wilmington	MA 01887 US

4. This FINANCING STATEMENT covers the following collateral:

See attached Exhibit "A" which is incorporated herein by reference.

5. ALTERNATIVE DESIGNATION (if applicable):	LESSOR/LESSOR	CONSIGNEE/CONSIGNOR	SALE/BASOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. THIS FINANCING STATEMENT is to be filed for record (or recorded in the REAL ESTATE RECORDS) <input type="checkbox"/> <input type="checkbox"/>	7. Check to REQUEST SEARCH REPORT(s) on (check) <input type="checkbox"/> ALL Outlets <input type="checkbox"/> Outlets 1 <input type="checkbox"/> Outlets 2		ADDITIONAL FEE: \$200.00			
8. OPTIONAL FILER REFERENCE DATA						

FILING OFFICE COPY — UCC FINANCING STATEMENT (FORM UCC1) (REV. 05/22/02) International Association of Commercial Administrators (IACA)

Exhibit A

"Collateral" means all property, real, personal and mixed, tangible and intangible, wherever located, now owned or hereafter acquired by Debtor, or in which Debtor has or later obtains an interest, and all products, profits, rents and proceeds of such property, including but not limited to Accounts, Chattel Paper (including Electronic Chattel Paper), Deposit Accounts, Documents, Equipment, Financial Assets, General Intangibles (including Payment Intangibles), Goods, Health Care Insurance Receivables, Instruments, Inventory, Investment Property, Letter of Credit Rights, Supporting Obligations, Patents, Copyrights and Trademarks, all claims for tax refund, whether now existing or hereafter arising, of Debtor against any city, county, state or federal government or any agency or authority or other subdivision thereof, and the proceeds thereof and all of Debtor's drawings, designs, blueprints and sketches, used or usable in connection with Debtor's business; all customer lists, ledger and account cards, computer tapes, discs and printouts, and books and records of Debtor; and any and all other properties and assets of Debtor of whatever nature, tangible or intangible, wherever located and whether now or hereafter existing.

The terms "Account," "Chattel Paper," "Deposit Account," "Document," "Electronic Chattel Paper," "Equipment," "Financial Assets," "General Intangible," "Goods," "Health Care Insurance Receivables," "Instrument," "Inventory," "Investment Property," "Letter of Credit Rights," "Payment Intangible" and "Supporting Obligation," shall have the meanings defined in the Uniform Commercial Code as enacted in Delaware, as amended from time to time.