
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 28, 2022

IronNet, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39125
(Commission
File Number)

83-4599446
(IRS Employer
Identification No.)

**7900 Tysons One Place, Suite 400
McLean, VA 22102**
(Address of principal executive offices, including zip code)

(443) 300-6761
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	IRNT	The New York Stock Exchange
Redeemable Warrants, each whole warrant exercisable for one share of Common Stock at an exercise price of \$11.50 per share	IRNT.WS	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 30, 2022, IronNet, Inc. (the “*Company*”) issued a secured promissory note in the principal amount of \$2.0 million (the “*C5 Note*”) to an entity affiliated with C5 Capital Limited (“*C5*”), a beneficial owner of more than 5% of the Company’s outstanding common stock.

The C5 Note has terms that are substantially similar to those secured promissory notes previously issued by the Company as disclosed in a Current Report on Form 8-K filed on December 20, 2022 (the “*Prior Notes*”). The C5 Note bears interest at a rate of 13.8% per annum, is payable at scheduled maturity on June 30, 2023, and is secured by substantially all of the assets of the Company, excluding the Company’s intellectual property.

The Company, C5 and the holders of the Prior Notes intend to, within five business days of the issuance of the C5 Note, amend and restate the Prior Notes and the C5 Note to be substantially in the form attached to this report as Exhibit 99.1 (the “*Restated Notes*”) and all security agreements to be substantially in the form attached to this report as Exhibit 99.2 (the “*Restated Security Agreements*”).

The Company will be permitted to prepay the Restated Notes at any time without premium or penalty. Each Restated Note will rank pari passu in right of payment with each of the other Restated Notes and any other note that may be issued by the Company on a substantially similar basis to C5 or its affiliates, and will rank senior in right of payment to all of the Company’s other existing and future unsecured indebtedness to the extent of the value of the assets securing the Restated Notes.

The Restated Notes include customary Events of Default that include:

- the Company fails to timely pay any amounts due under the Restated Notes;
- the Company breaches any covenant under the Restated Notes or the Restated Security Agreements, or any representation or warranty of the Company is violated or becomes untrue or misleading in any material respect;
- the Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of or relating to debtors, applies for or consents to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property if such appointment is not terminated or dismissed within 60 days, is adjudicated as bankrupt or insolvent or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing;
- the Company becomes subject to any proceedings under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors (unless such proceeding is dismissed or discharged within 60 days), or has an order of relief entered against it in any proceeding under the United States Bankruptcy Code;
- the Company generally fails to pay, or admits in writing its inability to pay, any material debt as it becomes due, subject to applicable grace periods, if any;
- any provision of the Restated Notes or the Restated Security Agreements shall for any reason cease to be valid and binding on or enforceable against the Company; or
- the Company or any of its subsidiaries fails to pay any principal or interest due in respect of the Prior Notes or the Company’s outstanding convertible promissory note issued to an institutional investor (as disclosed in the Company’s Current Report on Form 8-K filed on September 15, 2022) or the Company fails to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such indebtedness, subject to certain exceptions, exclusions and limitations.

Upon the occurrence of an Event of Default under the Restated Notes, all unpaid principal, accrued interest and other amounts owed shall, at the option of each holder upon written notice to the Company, and in certain cases automatically, be immediately due, payable and collectible.

The foregoing description of the Restated Notes and the Restated Security Agreements does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the form of Restated Note and form of Restated Security Agreement filed hereto as Exhibits 99.1 and 99.2, respectively, and incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On January 4, 2023, the Company issued a press release announcing, among other things, the issuance of the C5 Note. A copy of that press release is attached hereto as Exhibit 99.3 and is incorporated herein by reference.

The information provided in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.3 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

On December 28, 2022, the Company and C5 entered into an agreement pursuant to which they have agreed to a mutual exclusivity period through January 31, 2023 to seek to negotiate definitive agreements with respect to a potential offer by C5 to acquire all of the outstanding common stock of the Company not presently owned by C5 and certain of its affiliates (the “*Proposed Transaction*”). Commencement of the exclusivity period was subject to C5 providing the \$2.0 million of bridge financing described in Item 1.01 above. Continuation of the exclusivity period after January 9, 2023 is subject to C5 entering into additional Restated Notes providing \$3.5 million of additional bridge financing by January 9, 2023. The January 31, 2023 expiration date is subject to an automatic extension of an additional seven days if C5 provides additional bridge financing sufficient to fund the Company’s operations for such seven-day period (up to a maximum additional amount of \$3.5 million).

The Company plans to use the proceeds of the Restated Notes to fund its ongoing operations. However, management anticipates that, in the absence of additional sources of liquidity (which may include additional Restated Notes to be issued to C5 as described in the preceding paragraph), the Company’s existing cash and cash equivalents and anticipated cash flows from operations will not be sufficient to meet the Company’s operating and liquidity needs through the end of January 2023.

In the event the Company does not issue any additional Restated Notes to C5 and determines that additional sources of liquidity will not be available to it or will not allow it to meet its obligations as they become due, the Company may need to file a voluntary petition for relief under the United States Bankruptcy Code in order to implement a plan of reorganization, court-supervised sale and/or liquidation. Furthermore, in the event the Company is unable to pursue bankruptcy protection under Chapter 11 of the United States Bankruptcy Code, it may be necessary to pursue bankruptcy protection under Chapter 7 of the United States Bankruptcy Code, in which case a Chapter 7 trustee would be appointed or elected to liquidate the Company’s assets for distribution in accordance with the priorities established by the United States Bankruptcy Code. The Company expects that liquidation under Chapter 7 would result in significantly smaller distributions being made to stakeholders than those it might obtain under Chapter 11 primarily because of the likelihood that the Company’s assets would have to be sold or otherwise disposed of by a Chapter 7 trustee in a distressed fashion over a short period of time rather than sold by existing management as a going concern business. In the event that the Company pursues bankruptcy protection under Chapter 7, the Company’s material business activities will cease, and the Company will no longer have the capability to prepare financial statements and other disclosures required for periodic reports for filing with the Securities and Exchange Commission. The Company expects that no distributions would be available for stockholders in a Chapter 7 liquidation.

Forward-Looking Statements

Certain statements in this Current Report on Form 8-K may be considered forward-looking statements, including statements with respect to the negotiation of definitive agreements with C5 for the acquisition of the Company and the Company's expectations with respect to the sufficiency of the Company's cash resources and the ability to secure additional sources of liquidity, including the issuance of additional Restated Notes to C5, the Company's ability to continue as a going concern and the potential need to pursue bankruptcy protection. Forward-looking statements generally relate to future events and can be identified by terminology such as "may," "should," "could," "might," "plan," "possible," "strive," "budget," "expect," "intend," "will," "estimate," "believe," "predict," "potential," "pursue," "aim," "goal," "mission," "anticipate" or "continue," or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by the Company and its management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to, risks and uncertainties set forth in the section entitled "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2022 and in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2022, and other documents filed by the Company from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and the Company assumes no obligation and does not intend to update or revise these forward-looking statements other than as required by applicable law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Form of Amended and Restated Secured Promissory Note.
99.2	Form of Amended and Restated Security Agreement.
99.3	Press Release issued by IronNet, Inc. on January 4, 2023.
104	Cover Page Interactive Data File, formatted in Inline XBRL (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IRONNET, INC.

By: /s/ Cameron D. Pforr
Cameron D. Pforr
Chief Financial Officer

Date: January 4, 2023

AMENDED AND RESTATED SENIOR SECURED PROMISSORY NOTE

\$[•]

[•], 2023

For value received, IRONNET, INC., a Delaware corporation (the “*Company*”), hereby unconditionally promises to pay to the order of [•] or its assigns (“*Holder*”; and together with the Company, each a “*Party*” and collectively, the “*Parties*”), in lawful money of the United States of America and in immediately available funds, the principal sum of \$[•] together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

1. Principal Repayment.

- (a) The outstanding principal amount of this Senior Secured Promissory Note (this “*Note*”), and all accrued and unpaid interest thereon, shall be due and payable on [•], 2023¹ (the “*Maturity Date*”).
- (b) The Company may prepay this Note in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

2. Interest. The Company further promises to pay interest on the outstanding principal amount hereof from the date hereof, until payment in full, which interest shall be payable at a rate equal to 13.8% per annum, which interest shall be payable on the earlier of prepayment and the Maturity Date. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed. If at any time the interest rate payable on this Note shall exceed the maximum rate of interest permitted under applicable law, such interest rate shall be reduced automatically to the maximum rate permitted.

3. Place of Payment. All amounts payable hereunder shall be payable at the office of Holder, unless another place of payment shall be specified in writing by Holder.

4. Application of Payments. The Company shall repay the full principal balance of this Note, together with any accrued and unpaid interest thereon, on the Maturity Date. This Note may be prepaid in whole or in part at any time without penalty or premium. Any accrued and unpaid interest on the amounts so prepaid to the date of such prepayment shall be paid at the time of any such prepayment.

5. Secured Note. This note is secured by the Collateral (as defined in the Security Agreement) pursuant to that certain Security Agreement (the “*Security Agreement*”), dated as of the date hereof, by and among the Company, as grantor, the Holder, as a secured party, and other Secured Parties (as defined therein) party thereto.

¹ NTD: To be the date six months from the date the Original Note is issued.

6. Ranking of the Note. This Note shall rank (i) pari passu in right of payment with (x) any note issued on a substantially similar basis to this Note to an affiliate of the Holder or its affiliates or designee, and (y) the secured promissory notes issued between December 14, 2022 and December 16, 2022 by the Company in the aggregate principal amount of \$6.9 million (collectively, the “**Other Secured Notes**”), (ii) senior in right of payment to all of the Company’s other existing and future indebtedness for borrowed money (collectively, “**Subordinated Loans**”) and all of the Company’s existing and future reimbursement and indemnification obligations related to bonds or similar surety obligations issued at the Company’s request (collectively, the “**Indemnification Obligations**”), and (iii) in no event shall any indebtedness under that certain Senior Unsecured Convertible Note, dated as of September 15, 2022 (the “**Convertible Note**”), issued by the Company in favor of 3iLP be senior in right of payment to this Note. Company agrees to execute and deliver from time to time, any documents, instruments or agreements requested by Holder in order to confirm the ranking of this Note to any Subordinated Loan or Indemnification Obligation.

7. Event of Default. Each of the following events shall be an “**Event of Default**” hereunder:

- (a) the Company fails to pay timely (i) any of the principal amount due under this Note on the date the same becomes due and payable or (ii) any accrued interest or other amounts due under this Note within three (3) business days of the date the same becomes due and payable, whether at maturity, by acceleration or otherwise;
- (b) the Company shall breach any covenant under this Note or the Security Agreement, or any representation or warranty of the Company under this Note or the Security Agreement is violated or becomes untrue or misleading (or shall prove to have been untrue or misleading when made) in any material respect (or in any respect, if already qualified by materiality), and such default is not cured within 30 days after written notice thereof from Holder;
- (c) the Company (A) files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, (B) applies for or consents to the appointment of a receiver, trustee, custodian or liquidator for itself or any part of its property if such appointment is not terminated or dismissed within sixty (60) days, (C) shall be adjudicated as bankrupt or insolvent or (D) makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing;
- (d) the Company becomes subject to any proceedings under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect (unless such proceeding is dismissed or discharged within sixty (60) days), or have an order of relief entered against it in any proceeding under the United States Bankruptcy Code;

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- (e) the Company generally fails to pay, or admits in writing its inability to pay, any material debt as it becomes due, subject to applicable grace periods, if any;
 - (f) any provision of this Note or the Security Agreement shall for any reason cease to be valid and binding on or enforceable against the Company, or the Company shall so state in writing; or
 - (g) the Company or any of its subsidiaries shall (i) fail to pay any principal or interest, regardless of amount, due in respect of the Convertible Note, the Other Secured Notes or any other indebtedness (other than the obligations under this Note), when and as the same shall become due and payable (after giving effect to any applicable grace period), or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such indebtedness or any event or condition occurs, if the effect of any failure or occurrence referred to in this clause (ii) is to cause, or to permit the holder or holders of such indebtedness or a trustee on its or their behalf (with or without the giving of notice but giving effect to applicable grace periods) to cause, such indebtedness to become due, or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise) or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made prior to its stated maturity; provided, however, that (x) it shall not constitute an Event of Default pursuant to this paragraph (g) unless the aggregate amount of all such indebtedness referred to in clauses (i) and (ii) exceeds \$2.0 million at any one time and (y) the Specified Event of Default shall not constitute an Event of Default pursuant to this paragraph (g) so long as the holders of the Convertible Note have not accelerated prior to its stated maturity due to the Specified Event of Default.

Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of the Holder, and upon written notice to the Company, and, in the case of an Event of Default pursuant to (c) or (d) above, automatically, be immediately due, payable and collectible by Holder pursuant to applicable law.

“Specified Event of Default” means a default under the Convertible Note resulting from a breach of (1) Section 9 (Mandatory Redemption at Election of Holder), Section 15(b) (Incurrence of Indebtedness) and Section 15(n) (Restricted Issuances) of the Convertible Note, in each case, arising from the issuance of this Note or the Other Secured Notes, (2) Section 4.16 (Subsequent Debt) and Section 4.17 (Related Party Transactions) of that certain securities purchase agreement, dated as of September 14, 2022, with respect to the Convertible Note, in each case, arising from the issuance of this Note or the Other Secured Notes, and (3) Section 2(g) (Effect of Failure to File and Obtain and Maintain Effectiveness of any Registration Statement) of that certain registration rights agreement, dated as of September 14, 2022).

8. Waivers. The Company (i) waives presentment, demand, protest or notice of any kind in connection with this Note and (ii) agrees, in the event of an Event of Default and acceleration pursuant to the preceding Section 7, to pay to the Holder of this Note, on demand, all costs and expenses (including reasonable legal fees and expenses as and when incurred), incurred in connection with the enforcement and/or collection of this Note. The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.

9. Notices. All notices and other communications required to be given under this Note to either Holder or the Company, as applicable, shall be in writing.

10. Entire Agreement; Severability. This Note and the Security Agreement constitute the entire agreement among the Parties with respect to the matters covered hereby and thereby and supersede all previous written, oral or implied understandings among them with respect to such matters. Any provision of this Note which is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11. Governing Law; Waiver of Jury Trial.

- (a) In all respects, including all matters of construction, validity and performance, this Note shall be governed by, and construed and enforced in accordance with, the laws of the State of New York applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws.
- (b) THE COMPANY AND HOLDER ACKNOWLEDGE AND AGREE THAT ANY DISPUTE OR CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH OF THE COMPANY AND HOLDER IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS NOTE.

12. Amendment and Waiver. No amendment, modification or waiver of any provision of this Note nor consent to departure by the Company therefrom shall be effective, irrespective of any course of dealing, unless the same shall be in writing and signed by the Company and the Holder. The waiver by a Party of any breach hereof for default in the performance hereof shall not be deemed to constitute a waiver of any other default of any succeeding breach or default.

13. Successors and Assigns. This Note may be transferred only in compliance with the provisions herein and upon its surrender to the Company for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, this Note shall be reissued to, and registered in

the name of, the transferee, or a new Note for like principal amount and interest shall be issued to, and registered in the name of, the transferee. Interest and principal shall be paid solely to the registered holder of this Note. Such payment shall constitute full discharge of the Company's obligation to pay such interest and principal.

14. Expenses; Indemnification.

The Company agrees to indemnify and hold harmless Holder and its affiliates, and each of their respective officers, directors, employees, attorneys, agents and representatives (collectively the "**Indemnified Parties**") from and against all Losses (as defined below) and Expenses (as defined below) as incurred (payable promptly upon written request) by any Indemnified Party based upon, attributable to, arising out of, resulting from or otherwise with respect to any breach by the Company of any covenants, representations or warranties in, terms of, or obligations under, this Note or the Security Agreement.

As used herein, "**Losses**" shall mean any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies or other charges (excluding incidental, special and consequential damages, including lost profits) suffered or incurred by an Indemnified Party; and "**Expenses**" shall mean any and all documented out-of-pocket costs, expenses and disbursements (including court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals).

[Signature page follows.]

IN WITNESS WHEREOF, The Company has caused this **AMENDED AND RESTATED SENIOR SECURED PROMISSORY NOTE** to be executed by its duly authorized officer as of the date first set forth above.

IRONNET, INC.

By: _____
Name:
Title:

[Signature page to Senior Secured Promissory Note]

AMENDED AND RESTATED SECURITY AGREEMENT

This Amended and Restated Security Agreement, dated as of January [•], 2023 (“*Security Agreement*”), is made by and among IronNet, Inc., a Delaware corporation (“*Grantor*”), and the secured parties listed on the signature pages hereto (each, a “*Secured Party*” and, collectively, the “*Secured Parties*”), amends and restates the Security Agreement, dated as of December 30, 2022 executed in connection with the C5 Note (as defined below) and those certain Security Agreements, dated between December 14, 2022 and December 16, 2022 (collectively, the “*Original Security Agreements*”), by and between the Grantor and [•].

Recitals

WHEREAS, reference is made to the secured promissory notes issued between December 14, 2022 and December 16, 2022, by the Company in the aggregate principal amount of \$6.9 million (the “*Original Secured Notes*”), and that certain Secured Promissory Note, dated as of December 30, 2022 (as amended, restated, amended and restated, increased, supplemented or otherwise modified from time to time, the “*C5 Note*”; and together with the Original Secured Notes, the “*Notes*”, and each, a “*Note*”), issued by the Grantor in favor of C5 Space Data LP (“*C5*”);

WHEREAS, each Secured Party has made or has agreed to make certain advances of money and to extend certain financial accommodations to Grantor subject to the terms and conditions set forth in the applicable Note, and the obligations of the Secured Parties to extend such credit are conditioned upon, among other things, the execution and delivery of this Security Agreement; and

WHEREAS, the Secured Parties and the Grantor desire to amend and restate the Original Security Agreements as hereinafter set forth.

NOW, THEREFORE, the parties hereto agree as follows.

1. Defined Terms. When used in this Security Agreement the following terms shall have the meanings set forth below (such meanings being equally applicable to both the singular and plural forms of the terms defined). Any term used in the UCC and not defined herein shall have the meaning given to such term in the UCC.

“*Bankruptcy Code*” means Title XI of the United States Code.

“*Collateral*” shall have the meaning assigned to such term in **Section 2** of this Security Agreement.

“*Contracts*” means all contracts (including any customer, vendor, supplier, service or maintenance contract), personal property leases, licenses, undertakings, purchase orders, permits, franchise agreements or other agreements (other than any right evidenced by Chattel Paper, Documents or Instruments), whether in written or electronic form, in or under which Grantor now holds or hereafter acquires any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

“Copyright License” means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in or to any Copyright or Copyright registration (whether Grantor is the licensee or the licensor thereunder) including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a copyright owned by a third party.

“Copyrights” means all of the following now owned or hereafter acquired or created (as a work for hire for the benefit of Grantor) by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications, recordings and proceedings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (c) any continuations, renewals or extensions thereof; (d) any registrations to be issued in any pending applications, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of Grantor) or acquired by Grantor, in whole or in part; (e) prior versions of works covered by copyright and all works based upon, derived from or incorporating such works; (f) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (g) rights to sue for past, present and future infringements of any copyright; and (h) any other rights corresponding to any of the foregoing rights throughout the world.

“Event of Default” means any “Event of Default” as defined in the Notes.

“Intellectual Property” means any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any Copyright, Trademark, Patent, License, trade secret, customer list, marketing plan, internet domain name (including any right related to the registration thereof), proprietary or confidential information, mask work, source, object or other programming code, invention (whether or not patented or patentable), technical information, procedure, design, knowledge, know-how, software, data base, data, skill, expertise, recipe, experience, process, model, drawing, material or record.

“License” means any Copyright License, Patent License, Trademark License or other license of rights or interests, whether in-bound or out-bound, whether in written or electronic form, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Loans” means advances, future advances, and financial accommodations provided pursuant to the Notes.

“**Majority Lenders**” means any Secured Party or group of Secured Parties holding greater than 50% of the outstanding and unpaid principal of all Loans of all Secured Parties.

“**Patent License**” means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether Grantor is the licensee or the licensor thereunder).

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

“**Permitted Lien**” means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (c) Liens (i) upon or in any Equipment acquired or held by Grantor to secure the purchase price of such Equipment or indebtedness (including capital leases) incurred solely for the purpose of financing the acquisition of such Equipment or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the Equipment so acquired, improvements thereon and the Proceeds of such Equipment; (d) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor’s business; (e) any right, title or interest of a licensor under a license; (f) Liens arising from judgments, decrees or attachments to the extent and only so long as such judgment, decree or attachment has not caused or resulted in an Event of Default; (g) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Grantor; (h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (i) Liens arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (j) Liens in favor of a depository bank or a securities intermediary pursuant to such depository bank’s or securities intermediary’s customary customer account agreement; provided that any such Liens shall at no time secure any indebtedness or obligations other than customary fees and charges payable to such depository bank or securities intermediary; (k) statutory or common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other similar Liens, arising in the ordinary course of business and securing obligations that are not yet delinquent or are being contested in good faith by appropriate proceedings; (l) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, surety and appeal bonds,

government contracts, performance and return-of-money bonds, and other obligations of like nature, in each case, in the ordinary course of business; (m) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (n) pledges and deposits securing liability for reimbursement or indemnification obligations in respect of letters of credit or bank guarantees for the benefit of landlords; (o) Liens securing subordinated debt (provided such Liens are subordinated to Secured Party's security interest on terms acceptable to Secured Party); and (p) Liens incurred in connection with the extension, renewal or refinancing of indebtedness secured by Liens permitted under the preceding clauses, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Pro Rata" means, as to any Secured Party at any time, the percentage equivalent at such time of such Secured Party's aggregate unpaid principal amount of Loans, divided by the combined aggregate unpaid principal amount of all Loans of all Secured Parties.

"Secured Obligations" means the obligation of Grantor to repay the Secured Parties all of the unpaid principal amount of, and accrued interest on (including any interest that accrues after the commencement of bankruptcy), the Loans.

"Security Agreement" means this Security Agreement and all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated.

"Trademark License" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in and to any Trademark or Trademark registration (whether Grantor is the licensee or the licensor thereunder).

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

"UCC" means the Uniform Commercial Code as the same may from time to time be in effect in the State of New York (and each reference in this Security Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of New York) shall refer to that

Article (or Division, as applicable) as from time to time in effect); *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Secured Parties' security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. Grant of Security Interest. As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce the Secured Parties to cause the Loans to be made, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to the Secured Parties, and hereby grants to the Secured Parties, a security interest in all of Grantor's right, title and interest in, to and under the following, whether now owned or hereafter acquired (all of which being collectively referred to herein as the "*Collateral*"):

- (a) All Accounts of Grantor;
- (b) All Chattel Paper of Grantor;
- (c) All Commercial Tort Claims of Grantor;
- (d) All Commodity Accounts of Grantor;
- (e) All Contracts of Grantor;
- (f) All Deposit Accounts of Grantor;
- (g) All Documents of Grantor;
- (h) All General Intangibles of Grantor, excluding Intellectual Property;
- (i) All Goods of Grantor, including, without limitation, Equipment, Inventory, and Fixtures;
- (j) All Instruments of Grantor, including, without limitation, Promissory Notes;
- (k) All Investment Property of Grantor;
- (l) All Letter-of-Credit Rights and Letters of Credit of Grantor;
- (m) All Money of Grantor;
- (n) All Securities Accounts of Grantor;
- (o) All Supporting Obligations of Grantor;

(p) All property of Grantor held by any Secured Party, or any other party for whom any Secured Party is acting as agent, including, without limitation, all property of every description now or hereafter in the possession or custody of or in transit to any Secured Party or such other party for any purpose, including, without limitation, safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power;

(q) All other goods and personal property of Grantor, wherever located, whether tangible or intangible, and whether now owned or hereafter acquired, existing, leased or consigned by or to Grantor; and

(r) To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for and rents, profits and products of each of the foregoing.

Notwithstanding the foregoing provisions of this **Section 2**, the grant, assignment and transfer of a security interest as provided herein shall not extend to, and the term “*Collateral*” shall not include: (a) any Intellectual Property or (b) any Account, Chattel Paper, General Intangible or Promissory Note in which Grantor has any right, title or interest if and to the extent such Account, Chattel Paper, General Intangible or Promissory Note includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Grantor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such Account, Chattel Paper, General Intangible or Promissory Note to enforce any remedy with respect thereto; *provided* that the foregoing exclusion shall not apply if (i) such prohibition has been waived or such other person has otherwise consented to the creation hereunder of a security interest in such Account, Chattel Paper, General Intangible or Promissory Note or (ii) such prohibition would be rendered ineffective pursuant to Sections 9-406(d), 9-407(a) or 9-408(a) of the UCC, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the Bankruptcy Code) or principles of equity; *provided further* that immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and Grantor shall be deemed to have granted on the date hereof a security interest in, all its rights, title and interests in and to such Account, Chattel Paper, General Intangible or Promissory Note as if such provision had never been in effect; and *provided further that* the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect any Secured Party’s unconditional continuing security interest in and to all rights, title and interests of Grantor in or to any payment obligations or other rights to receive monies due or to become due under any such Account, Chattel Paper, General Intangible or Promissory Note and in any such monies and other proceeds of such Account, Chattel Paper, General Intangible or Promissory Note.

3. Rights Of Secured Parties; Collection Of Accounts

(a) Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Contracts, Chattel Paper, Documents, Instruments, and Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract, Chattel Paper, Document, Instrument, and License. No

Secured Party shall have any obligation or liability under any such Contract, Chattel Paper, Document, Instrument or License by reason of or arising out of this Security Agreement or the granting to the Secured Parties of a lien therein or the receipt by any Secured Party of any payment relating to any such Contract, Chattel Paper, Document, Instrument or License pursuant hereto, nor shall any Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any such Contract, Chattel Paper, Document, Instrument or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such Contract, Chattel Paper, Document, Instrument or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) The Secured Parties authorize Grantor to collect its Accounts. Upon the occurrence and during the continuance of any Event of Default, at the request of the Majority Lenders or C5, Grantor shall deliver all original and other documents evidencing and relating to the performance of labor or service which created such Accounts, including, without limitation, all original orders, invoices and shipping receipts.

(c) Upon the written consent of the Majority Lenders or C5, any Secured Party may at any time, upon the occurrence and during the continuance of any Event of Default, notify Account Debtors of Grantor, parties to the Contracts of Grantor, obligors in respect of Instruments of Grantor, and obligors in respect of Chattel Paper of Grantor that the Accounts and the right, title and interest of Grantor in and under such Contracts, Instruments and Chattel Paper have been assigned to the Secured Parties and that payments shall be made directly to Secured Parties. Upon the occurrence and during the continuance of any Event of Default, upon the request of the Majority Lenders or C5, Grantor shall so notify such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper. Upon the written consent of the Majority Lenders or C5, any Secured Party may, in its name or in the name of others, communicate with such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper to verify with such parties, to such Secured Party's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper.

4. Representations And Warranties. Grantor hereby represents and warrants to the Secured Parties that:

(a) Except for the security interest granted to the Secured Parties under this Security Agreement and Permitted Liens, Grantor is the sole legal and equitable owner of each item of the Collateral in which it purports to grant a security interest hereunder.

(b) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists, except such as may have been filed by Grantor in favor of the Secured Parties pursuant to this Security Agreement and except for Permitted Liens.

(c) This Security Agreement creates a legal and valid security interest on and in all of the Collateral in which Grantor now has rights.

(d) Grantor's correct legal name and taxpayer identification number are set forth on the signature page hereof. The jurisdiction under whose law Grantor was organized is set forth on the signature page hereof. Grantor's chief executive office, principal place of business, and the place where Grantor maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof.

5. Covenants. Unless the Majority Lenders and C5 otherwise consent (which consent shall not be unreasonably withheld), Grantor covenants and agrees with the Secured Parties that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full and any commitment of the Secured Parties to make Loans to Grantor has expired or terminated:

5.1 Disposition of Collateral. Grantor shall not sell, lease, transfer or otherwise dispose of any of the Collateral (each, a "*Transfer*"), or attempt or contract to do so, other than (a) the sale of Inventory in the ordinary course of business, (b) the granting of Licenses in the ordinary course of business, (c) the disposal of worn-out or obsolete Equipment, and (d) Transfers of Collateral for fair market value as determined by Grantor in its good faith business judgment.

5.2 Change of Name, Jurisdiction of Organization, Relocation of Business. Grantor shall not change its name or jurisdiction of organization or relocate its chief executive office, principal place of business or its records from such address(es) provided to the Secured Parties pursuant to **Section 4(d)** above without at least seven (7) days prior notice to the Secured Parties.

5.3 Limitation on Liens on Collateral. Grantor shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral and the Intellectual Property against and take such other action as is necessary to remove, any Lien on the Collateral or Intellectual Property, except (a) Permitted Liens and (b) the Lien granted to the Secured Parties under this Security Agreement.

5.4 Insurance. Grantor shall maintain insurance policies insuring the Collateral against loss or damage from such risks and in such amounts and forms and with such companies as are customarily maintained by businesses similar to Grantor.

5.5 Taxes, Assessments, Etc. Grantor shall pay promptly when due all property and other taxes, assessments and government charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity or amount thereof is being contested in good faith and adequate reserves are being maintained in connection therewith.

5.6 Defense of Intellectual Property. Grantor shall use commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of all Copyrights, Patents and Trademarks material to Grantor's business and (ii) detect infringements of all Copyrights, Patents and Trademarks material to Grantor's business.

5.7 Further Assurances. At any time and from time to time, upon the written request of the Majority Lenders or C5, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Majority Lenders or C5 may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation,

(a) executing, delivering and causing to be filed any financing or continuation statements under the UCC with respect to the security interests granted hereby, (b) at the Majority Lenders' or C5's reasonable request, filing or cooperating with the Secured Parties in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office or the United States Copyright Office, (c) at the Majority Lenders' or C5's reasonable request, placing the interest of the Secured Parties as lienholder on the certificate of title (or similar evidence of ownership) of any vehicle, watercraft or other Equipment constituting Collateral owned by Grantor which is covered by a certificate of title (or similar evidence of ownership), (d) executing and delivering and using commercially reasonable efforts to cause the applicable depository institution, securities intermediary, commodity intermediary or issuer or nominated party under a Letter of Credit to execute and deliver a collateral control agreement with respect to any Deposit Account, Securities Account or Commodity Account or Letter-of-Credit Right in or to which Grantor now or hereafter has any right or interest and (e) at the Majority Lenders' or C5's reasonable request, using commercially reasonable efforts to obtain acknowledgments from bailees having possession of any Collateral and waivers of liens from landlords of any location where any of the Collateral may from time to time be stored or located. Grantor also hereby authorizes the Secured Parties to file any such financing or continuation statement without the signature of Grantor.

6. Secured Parties' Appointment as Attorney-in-Fact; Performance by Secured Parties.

(a) Subject to **Section 6(b)** below, Grantor hereby irrevocably constitutes and appoints the Secured Parties, and any officer or agent of Secured Parties, with full power of substitution, as its true and lawful attorney-in-fact with full, irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time, at the Secured Parties' discretion, for the purpose of carrying out the terms of this Security Agreement, upon the written consent of the Majority Lenders or C5, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Secured Parties, upon the written consent of the Majority Lenders or C5, the power and right, on behalf of Grantor, without notice to or assent by Grantor to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all monies due or to become due under any Collateral and, in the name of Grantor, in its own name or otherwise to take possession of, endorse and collect any checks, drafts, notes, acceptances or other Instruments for the payment of monies due under any Collateral and to file any claim or take or commence any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Secured Parties for the purpose of collecting any and all such monies due under any Collateral whenever payable;

(ii) to pay or discharge any Liens, including, without limitation, any tax lien, levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof, which actions shall be for the benefit of the Secured Parties and not Grantor;

(iii) to (1) direct any person liable for any payment under or in respect of any of the Collateral to make payment of any and all monies due or to become due thereunder directly to the Secured Parties or as the Secured Parties shall direct, (2) receive payment of any and all monies, claims and other amounts due or to become due at any time arising out of or in respect of any Collateral, (3) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other Instruments and Documents constituting or relating to the Collateral, (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral, (5) defend any suit, action or proceeding brought against Grantor with respect to any Collateral, (6) settle, compromise or adjust any suit, action or proceeding described above, and in connection therewith, give such discharges or releases as the Secured Parties may deem appropriate, (7) license, or, to the extent permitted by an applicable License, sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyright, Patent or Trademark throughout the world for such term or terms, on such conditions and in such manner as the Secured Parties shall in their discretion determine, and (8) sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Parties were the absolute owners thereof for all purposes; and

(iv) to do, at the Secured Parties' option and Grantor's expense, at any time, or from time to time, all acts and things which the Secured Parties may reasonably deem necessary to protect, preserve or realize upon the Collateral and the Secured Parties' security interest therein in order to effect the intent of this Security Agreement, all as fully and effectively as Grantor might do.

(b) The Secured Parties agree that, except upon the occurrence and during the continuation of an Event of Default, they shall not exercise the power of attorney or any rights granted to the Secured Parties pursuant to this **Section 6**. Grantor hereby ratifies, to the extent permitted by law, all that said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this **Section 6** is a power coupled with an interest and shall be irrevocable until the Secured Obligations are completely and indefeasibly paid and performed in full and the Secured Parties no longer have any commitment to make any Loans to Grantor.

(c) If Grantor fails to perform or comply with any of its agreements contained herein and the Secured Parties, as provided for by the terms of this Security Agreement, shall perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses, including reasonable attorneys' fees and costs, of the Secured Parties incurred in connection with such performance or compliance, together with interest thereon at a rate of interest equal to the highest per annum rate of interest charged on the Loans, shall be payable by Grantor to the Secured Parties within five (5) business days of demand and shall constitute Secured Obligations secured hereby.

7. Rights And Remedies Upon Default. Beginning on the date which is ten (10) business days after any Event of Default shall have occurred and while such Event of Default is continuing:

(a) Upon the written consent of the Majority Lenders or C5, the Secured Parties may exercise in addition to all other rights and remedies granted to them under this Security Agreement or the Notes all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event the Secured Parties, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other person, may (i) reclaim, take possession, recover, store, maintain, finish, repair, prepare for sale or lease, shop, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and in connection with the liquidation of the Collateral and collection of the accounts receivable pledged as Collateral, use any Trademark, Copyright, or process used or owned by Grantor and (ii) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any Secured Party's offices or elsewhere at such prices as they may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. Grantor further agrees, at the Majority Lenders' or C5's request, to assemble the Collateral and make it available to the Secured Parties at places which the Secured Parties shall reasonably select, whether at Grantor's premises or elsewhere. The Secured Parties shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in **Section 7(e)**, below, with Grantor remaining liable for any deficiency remaining unpaid after such application. Grantor agrees that the Secured Parties need not give more than twenty (20) days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters.

(b) As to any Collateral constituting certificated securities or uncertificated securities, if, at any time when Secured Parties shall determine to exercise their right to sell the whole or any part of such Collateral hereunder, such Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under Securities Act of 1933, as amended (as so amended the "*Act*"), the Secured Parties may, in their discretion (subject only to applicable requirements of law), sell such Collateral or part thereof by private sale in such manner and under such circumstances as the Secured Parties may deem necessary or advisable, but subject to the other requirements of this **Section 7(b)**, and shall not be required to effect such registration or cause the same to be effected. Without limiting the generality of the foregoing, in any such event the Secured Parties may, in their discretion, (i) in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Collateral or part thereof could be or shall have been filed under the Act; (ii) approach and negotiate with a single possible purchaser to effect such sale; and (iii) restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment, and not with a view to the distribution or sale of

such Collateral or part thereof. In addition to a private sale as provided above in this **Section 7(b)**, if any of such Collateral shall not be freely distributable to the public without registration under the Act at the time of any proposed sale hereunder, then the Secured Parties shall not be required to effect such registration or cause the same to be effected but may, in their discretion (subject only to applicable requirements of law), require that any sale hereunder (including a sale at auction) be conducted subject to such restrictions as the Secured Parties may, in their discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Bankruptcy Code and other laws affecting the enforcement of creditors' rights and the Act and all applicable state securities laws.

(c) Grantor also agrees to pay all fees, costs and expenses of the Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of their rights and remedies hereunder.

(d) Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(e) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Secured Parties in the following order of priorities:

First, to each Secured Party in an amount sufficient to pay in full the costs of such Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by any Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

Second, to the Secured Parties in amounts proportional to the Pro Rata share of the then unpaid Secured Obligations of each Secured Party;
and

Finally, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

(f) The costs of enforcing or pursuing any right or remedy hereunder, including without limitation any repossession, sale, possession and management (including, without limitation, reasonable attorneys' fees), and distribution shall be borne Pro Rata by the Secured Parties. Each Secured Party shall reimburse each other Secured Party, as applicable, for its Pro Rata share of all such costs promptly upon demand.

8. Actions by the Secured Parties and Amendments. All actions, omissions and decisions of the Secured Parties hereunder or any amendment of this Security Agreement or the Notes (each called herein an "**Act of the Secured Parties**") shall be determined by and require the written consent of the Majority Lenders and C5. Each Secured Party shall take such actions and execute such documents as may be necessary to confirm or accomplish any Act of the Secured Parties. Notwithstanding the foregoing, the consent of each affected Secured Party shall be necessary to do the following to any Note:

(a) reduce the percentage of the principal and interest amount of any Loan;

(b) reduce the rate of or change the time for payment of interest on any Loan;

(c) reduce the principal of or change the fixed maturity of any Loan; or

(d) make any Loan payable in money other than that stated in the Note.

9. Unequal Payment by Grantor. Each Secured Party agrees that if it shall obtain or receive, through the exercise of any right granted to the Secured Parties under this Security Agreement, under the Notes or by applicable law, including, but not limited to any right of set-off, any secured claim under Section 506 of the Bankruptcy Code or any other security or interest, any payment or payments greater than its Pro Rata share of all Loans, as measured immediately prior to the receipt of such payment or payments, then (a) such Secured Party shall promptly purchase at par (and shall be deemed to have thereupon purchased) from the other Secured Parties, a participation in the Loans of such other Secured Parties, so that each Secured Party shall have received payments in proportion to its Pro Rata share immediately prior to such transactions and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Secured Parties share the benefits of such payment on a Pro Rata basis. The term "Loan" as used in this paragraph shall include accrued interest thereon.

10. Indemnity. Grantor agrees to defend, indemnify and hold harmless the Secured Parties and their officers, employees, and agents against

(a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by any Secured Party as a result of or in any way arising out of, following or consequential to the transactions contemplated by this Security Agreement (including without limitation, reasonable attorney's fees and expenses), except for losses arising from or out of such Secured Party's gross negligence or willful misconduct.

11. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

12. Miscellaneous.

12.1 Waivers; Modifications. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor, C5 and the Majority Lenders. Each Secured Party acknowledges that because this Security Agreement may be amended with the consent of C5 and the Majority Lenders, each Secured Party's rights hereunder may be amended or waived without such Secured Party's consent.

12.2 Termination of this Security Agreement. Subject to **Section 11** hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations and the expiration or termination of any commitment of the Secured Parties to make Loans to Grantor.

12.3 Successor and Assigns. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of the Secured Parties hereunder, inure to the benefit of the Secured Parties, any future holder of any of the Secured Obligations and their respective successors and assigns. No sales of participations in the Secured Obligations or any portion thereof or interest therein, and no sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein, shall in any manner affect the lien granted to the Secured Parties hereunder.

12.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Security Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of the law of a different jurisdiction.

12.5 Amendment and Restatement. Notwithstanding this amendment and restatement of the Original Security Agreements, (i) all of the indebtedness, liabilities and obligations owing by the Grantors or any other person under the Original Security Agreements shall continue as obligations hereunder, as amended hereby, and shall be and remain secured by this Security Agreement, (ii) the security interest granted by the Grantor to each Secured Party, in all of the Grantor's rights, title and interests in, to and under the assets and properties of the Grantor pursuant to the Original Security Agreements (the "**Existing Security Interest**") shall continue as a security interest hereunder, as amended hereby, and (iii) this Security Agreement is given as a substitution of, and not as a payment of the indebtedness, liabilities and obligations of the Grantor under the Original Security Agreements and neither the execution and delivery of this Security Agreement nor the consummation of any other transaction contemplated hereunder is intended to constitute a novation of the Original Security Agreements or the Existing Security Interest created thereunder.

12.6 Counterparts; Facsimile or PDF Copies. This Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Executed copies of the signature pages of this Security Agreement sent by facsimile or transmitted electronically in Portable Document Format ("PDF"), or any similar format, shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment.

[Signature pages follow.]

In Witness Whereof, each of the parties hereto has caused this Amended and Restated Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

IronNet, Inc.,
as Grantor

By: _____
Name:
Title:

Address Of Grantor

7900 Tysons One Place
Suite 400
McLean, VA 22102

Jurisdiction of Organization of Grantor: Delaware

Accepted And Acknowledged By:
[Secured Party], as Secured Party

By: _____
Name:
Title:

Schedule A

LIENS EXISTING ON THE DATE OF THIS SECURITY AGREEMENT

A-1

**IronNet Enhances its Network Detection and Response Solution to Provide
Broader Visibility of Cyber Threats**

Receives Bridge Loan Financing from C5 Capital

MCLEAN, Va. (January 4, 2023) – IronNet, Inc. (NYSE: IRNT), an innovative leader Transforming Cybersecurity Through Collective DefenseSM, announced today enhanced capabilities of its network detection and response (NDR) solution, IronDefense. Recognized with the highest possible rating for Enterprise Advanced Security NDR Detection by SE Labs, IronDefense enables advanced and early visibility of unknown cyber threats that have slipped past endpoint and firewall detection and entered the network, whether on-premises or in the cloud.

With IronNet’s latest NDR updates, Security Operations Center (SOC) analysts can use IronDefense to detect VPN abuse such as high failed logins, password spray, and suspicious login times, any of which may be indicative of a brute force attack or unauthorized access attempts. Additional analytics updates enable detection of ongoing patterns of both fixed-interval and randomized-timing beacon activity as well as the detection of DNS tunnels using advanced encoding techniques being leveraged by attackers.

“We strive always to integrate best-in-class behavioral analytics to stay ahead of ever-changing tactics, techniques, and procedures (TTP) used by both nation-state adversaries and cyber-criminal organizations. Our goal is to deliver enhanced, broad, and early visibility of threats on enterprise networks—well before business impact,” said Raj Sivasankar, IronNet Vice President of Product Management.

The IronNet product team also has evolved IronDefense’s ease of use. Specifically, new sensors can now be auto-commissioned and auto-upgraded without requiring interaction from the SOC staff. From an ecosystem perspective, IronDefense enables customers using SentinelOne endpoint detection and response (EDR) to create and update network inventory as well as isolate a device in a SentinelOne-deployed network remotely from the Entity page in the IronDefense user interface. Similar capability exists for CarbonBlack and CrowdStrike endpoints.

IronNet continues to empower security teams to do more with fewer resources, especially as organizations struggle to find the level of security talent needed to secure the network against both advanced and less sophisticated cyber attacks. The IronDefense product updates, suitable for organizations with more cyber-mature teams, complement IronNet’s new proactive command and control (C2) threat intel feed, IronRadarSM. Developed by IronNet’s team of elite threat hunters, IronRadar scours the internet fingerprinting servers to determine whether they are C2 infrastructure while being stood up, even before a cyber attack, such as ransomware, is initiated.

Available now on [AWS Marketplace](#) for a free 14-day trial, IronRadar allows organizations with less sophisticated cybersecurity infrastructure to proactively and automatically update their existing cybersecurity tools to be able to block suspicious and malicious indicators of adversary infrastructure as they are being set up.

IronNet's advanced threat detection technology and proactive threat intelligence allow the IronNet Collective DefenseSM platform, powered by AWS, to serve as an early warning system for all companies and organizations participating in IronNet's shared defense approach to cybersecurity.

Bridge Loan from C5 Capital

IronNet today also announced it has received a loan from an affiliated fund of existing stockholder C5 Capital Limited (C5) in the amount of \$2 million. The terms of the loan from C5 are substantially similar to those of the loans from certain of IronNet's directors and another lender in the aggregate principal amount of \$6.9 million that were previously announced on December 20, 2022. The loan from C5 bears interest at an annual rate of 13.8% and has a maturity date of June 30, 2023. The promissory note issued to C5 is secured by substantially all of the assets of the Company, excluding the Company's intellectual property, pursuant to the terms of a security agreement entered into in conjunction with the promissory note. The Company, C5 and the previous lenders intend to amend and restate their promissory notes and security agreements to make certain adjustments so that all lenders have identical loan documents.

About IronNet, Inc.

Founded in 2014 by GEN (Ret.) Keith Alexander, IronNet, Inc. (NYSE: IRNT) is a global cybersecurity leader that is transforming how organizations secure their networks by delivering the first-ever Collective Defense platform operating at scale. Employing a number of former NSA cybersecurity operators with offensive and defensive cyber experience, IronNet integrates deep tradecraft knowledge into its industry-leading products to solve the most challenging cyber problems facing the world today.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding IronNet's ability to provide visibility and detection of malicious behaviors and to help defend against increased

cyber threats facing the globe. When used in this press release, the words “estimates,” “projected,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “seeks,” “may,” “will,” “should,” “future,” “propose” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions, or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside IronNet’s management’s control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include: IronNet’s ability to continue as a going concern; risks and uncertainties associated with a potential filing for relief under the United States Bankruptcy Code; IronNet’s inability to recognize the anticipated benefits of collaborations with IronNet’s partners and customers; IronNet’s ability to execute on its plans to develop and market new products and the timing of these development programs; the rate and degree of market acceptance of IronNet’s products; the success of other competing technologies that may become available; IronNet’s ability to identify and integrate acquisitions; the performance of IronNet’s products; potential litigation involving IronNet; and general economic and market conditions impacting demand for IronNet’s products. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described under the heading “Risk Factors” in IronNet’s Annual Report on Form 10-K for the year ended January 31, 2022, filed with the SEC on May 2, 2022, IronNet’s most recent Quarterly Report on Form 10-Q for the quarter ended July 31, 2022, filed with the SEC on September 14, 2022, and other documents that IronNet files with the SEC from time to time. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and IronNet does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contacts:

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