

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Release ("Agreement") is entered into by and between DATUM, INC. ("DATUM") and DIGITAL DELIVERY INC. ("DDI"), on the one hand, and GLASSEY-MCNEIL TECHNOLOGIES ("GMT"), TODD GLASSEY ("GLASSEY") and MICHAEL E. MCNEIL ("MCNEIL") (collectively referred to as "GMT/GLASSEY/ MCNEIL"), on the other hand.

SECTION ONE BACKGROUND

1.1 GLASSEY and MCNEIL and DDI entered into a Co-Inventor Agreement, dated October 26, 1998 (the "Co-Inventor Agreement"), pursuant to which those parties agreed, on an interim basis, to certain rights and interests in intellectual property and to certain future payment obligations of DDI, pending the execution of a definitive agreement with respect to such intellectual property.

1.2 On or about July 29, 1999, DATUM consummated a merger whereby DDI became a wholly owned subsidiary of DATUM.

1.3 On or about August 20, 1999, DATUM filed a complaint (the "COMPLAINT") stating claims against GMT/GLASSEY/MCNEIL for, among other things, Breach of Contract, Breach of the Covenant of Good Faith and Fair Dealing, Misappropriation of Trade Secrets and Proprietary Business Information, Trade Libel, Slander and Declaratory Relief.

1.4 DATUM, DDI and GMT/GLASSEY/MCNEIL desire to definitively resolve and terminate the interim arrangements arising from the Co-Inventor Agreement, to avoid the risks and expenses attendant upon litigation and to reach a mutual, full and final compromise and settlement of the parties' matters, claims, causes of action and the like with respect the Co-Inventor Agreement, the Assembly, Distribution and Use of Digital Information Patent, the Controlling Access Patent and the Phase II Technology (as defined below).

1.5 This Settlement Agreement is a mutual and complete compromise between the parties and is intended as a complete and final resolution and settlement of the respective differences, positions and claims of DDI, DATUM and GMT/GLASSEY/MCNEIL, with respect to the Co-Inventor Agreement, the Assembly, Distribution and Use of Digital Information Patent, the Controlling Access Patent and the Phase II Technology.

SECTION TWO

DEFINITIONS

2.1 The Assembly, Distribution and Use of Digital Information Patent: U.S. Patent No. 5,646,992 issued to DDI on July 8, 1997 for certain data and file protection and encryption technology. One of the products produced under this patent is called the Confidential Courier, which is described as an electronic transmittal envelope which can be opened only by specifically designated persons having the encoded passwords.

2.2 Controlling Access Patent: A US and certain foreign countries patent pending covering the expansion of technology covered by the Assembly, Distribution and Use of Digital Information Patent to include the new technology of geo-positioning and time/data encryption with respect to digital data and file assembly, distribution, use and access.

2.3 Phase II Technology - Phase II Technology refers to the method of authentication, encryption and transmission of date/time and/or location data for the purpose of linking together two or more disparate electronic components, such that a trust model is established between them. Such physical elements must individually be capable of computational and cryptographic functionality, but computationally may be isolated from one another. Such electronic components must be physically secure, and communicate with each other over communications channel(s) which may themselves be insecure.

SECTION THREE
TERMS OF SETTLEMENT

3.1 In consideration of the mutual covenants set forth herein, and in full settlement of the claims and causes of action asserted or held by DDI and/or GMT/GLASSEY/MCNEIL under the Co-Inventor Agreement, the parties agree as follows:

3.2 Assignment of Controlling Access Patent: GMT/GLASSEY/MCNEIL assign all rights, title and interest in the Controlling Access Patent and the application therefor, to DATUM.

3.3 Ownership of and License to Use Phase II Technology: DDI and DATUM acknowledges that GMT/GLASSEY/MCNEIL owns all rights, title and interest in the Phase II Technology, but GMT/GLASSEY/MCNEIL hereby grants DATUM a perpetual, non-exclusive, irrevocable, assignable, sub-licensable, worldwide license for use of the Phase II Technology and derivatives thereof, with rights to sublicense, in connection with the Confidential Courier product and other products and technology covered by the Controlling Access Patent.

3.4 Payment: DATUM will pay to GMT/GLASSEY/MCNEIL \$300,000 upon full execution of this Agreement. Payment shall be wired within 24 hours of execution as follows:

Bank Routing No. 121139096

Bank Account No. 01-49350-5

Bank Name: Coast Commercial Bank

Bank Address: 720 Front Street
Santa Cruz, California 95060

3.5 Dismissal of Complaint: DATUM agrees to dismiss with prejudice the COMPLAINT within ten (10) days of the full execution of this Agreement

3.6 Acknowledgment of Rights Under the Assembly, Distribution and Use of Digital Information Patent GMT/GLASSEY/MCNEIL disclaim and waive any rights to the Assembly,

Distribution and Use of Digital Information Patent and the technology described therein and agree not to make, use or sell any products developed using or derived from the Phase II Technology which also include the technology described in or covered by the Assembly, Distribution and Use of Digital Information Patent. GMT/GLASSEY/MCNEIL explicitly acknowledge that they had no participation in the invention or patent application process which resulted in the U.S. Patent No. 5,646,992 issued to DDI on July 8, 1997.

3.7 Co-Inventor Agreement Terminated. In addition and without duplication, upon the execution of this Agreement and payment of the amount specified in paragraph 3.4, above the Co-Inventor Agreement shall be terminated, and this Agreement shall be the only agreement of the parties with respect to the subject matter of the Co-Inventor Agreement and this Agreement. Such subject matter includes without limitation the future payment obligations and division of intellectual property rights set forth in the Co-Inventor Agreement. The parties hereto acknowledge and agree that the settlement payment constitutes the satisfaction in full of any claims by GMT/GLASSEY/MCNEIL for compensation of any kind pursuant to the Co-Inventor Agreement.

3.8 Availability of Injunctive Relief: GMT/GLASSEY/MCNEIL acknowledge and agree that the covenants of GMT/GLASSEY/MCNEIL and the restrictions on GMT/GLASSEY/MCNEIL contained in this Agreement are reasonable and necessary in order to protect the legitimate interests of DATUM, and that any violation thereof by GMT/GLASSEY/MCNEIL or any affiliates would result in irreparable injuries to DATUM, for which damages would not, in and of themselves, be an adequate remedy. Therefore, GMT/GLASSEY/MCNEIL acknowledge and agree that, in the event of a violation or breach by GMT/GLASSEY/MCNEIL or any affiliates of any of the covenants or any of the restrictions contained in this Agreement, DATUM shall be entitled to obtain, from any court of competent jurisdiction, temporary, preliminary and permanent injunctive relief, in addition to any other rights or remedies to which DATUM may be entitled under applicable law or equitable principles, without the necessity on the part of DATUM of having to post a bond or other security and without thereby limiting any other rights and remedies, including the recovery of monetary damages, that DATUM may have hereunder or under applicable law by reason of such violation or breach.

3.9 Release of Claims:

3.9.1 GMT/GLASSEY/MCNEIL's Release of Claims Against DATUM and DDI

GMT, GLASSEY and MCNEIL, for themselves and for themselves and for and on behalf of GMT and any affiliates, related entities, assigns and successors in interest, if any, now or in the future, hereby irrevocably release, forgive and discharge DATUM and DDI and all of their officers, directors, shareholders, partners, agents, employees, representatives, affiliates, parent, subsidiaries, and related entities, assigns and successors in interest, if any, now or in the future (collectively, the "Datum Parties"), from any and all obligations, responsibilities and liabilities relating to or arising out of the Co-Inventor Agreement against the Datum Parties. Notwithstanding the foregoing, DATUM's obligations under this Agreement are expressly excepted from the foregoing release.

3.9.2 DATUM's and DDI's Release of Claims Against

GMT/GLASSEY/MCNEIL: DATUM and DDI agree and acknowledge for themselves and for themselves and for and on behalf of DATUM and any affiliates, related entities, assigns and successors in interest, if any, now or in the future, that GMT/GLASSEY/MCNEIL are released and fully discharged from any and all obligations, responsibilities and liabilities to DATUM or DDI relating to or arising out of the Co-Inventor Agreement. Notwithstanding the foregoing, GMT/GLASSEY/MCNEIL's obligations under this Agreement are expressly excepted from the foregoing release.

3.9 Civil Code Section 1542: With respect to the matters herein stated as the subject of release, the parties hereto do hereby mutually waive and relinquish any and all rights which any of them may have under the provisions of Section 1542 of the Civil Code of the State of California, which Section reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

3.10 Attorney's Fees: DATUM, DDI and GMT/GLASSEY/MCNEIL shall bear their own costs and attorneys' fees in connection with their respective disputes and claims settled herein.

SECTION FOUR
WARRANTIES AND REPRESENTATIONS

4.1 The parties hereto warrant and represent that no promise or inducement has been offered or made for this Agreement except as herein set forth, that this Agreement is executed without reliance on any statements or any representations not contained herein, and that this Agreement reflects the entire settlement among the parties. The attorneys of record warrant and represent that they are satisfied that their respective clients fully understand the effect, significance and consequence of this Agreement. The terms, acknowledgments, warranties and representations made herein shall survive the execution and delivery of this Agreement, and shall be binding upon the respective heirs, representatives, and assigns and successors of each of the parties and their attorneys.

SECTION FIVE
NO ADMISSION OF LIABILITY

5.1 The parties hereto acknowledge and agree that this Agreement is entered into as a mutual compromise and settlement which is not in any respect or for any purpose to be deemed or construed as an admission or concession of any liability whatsoever on the part of any of the parties hereto.

SECTION SIX
CONFIDENTIALITY

6.1 The parties agree that this Agreement and its terms are confidential. The parties further agree that the confidentiality of this Agreement and its terms is a material term of this Agreement without which the parties would not have consented to the Agreement. The parties expressly agree that they will not disclose or discuss the terms of this Agreement with any person. GMT/GLASSEY/MCNEIL shall notify DATUM's legal counsel, in writing, of the receipt of any request for the disclosure of any confidential information. GMT/GLASSEY/MCNEIL shall cooperate with the efforts of DATUM to quash such subpoena or other legal process or to obtain a protective order, as DATUM deems appropriate. The parties shall have the right to provide required information concerning this Agreement to investors and potential investors, and to Affiliates in order to enable them to carry out the activities contemplated hereunder and in connection with strategic business needs. Any such disclosure shall be pursuant to a separate agreement of confidentiality between DATUM or GMT/GLASSEY/MCNEIL and any such third parties.

6.2 The parties further agree to maintain the confidentiality of any document or information which has been or is designated as confidential.

SECTION SEVEN
ENFORCEMENT OF AGREEMENT

7.1 If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation arising out of or relating to any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

SECTION EIGHT
MISCELLANEOUS

8.1 This Agreement is subject to, governed by, and shall be construed in accordance with the laws of the State of California.

8.2 GMT/ GLASSEY/MCNEIL represent and warrant that they are the sole and rightful owners of the claims asserted in the dispute described in this Agreement and that any such claims have not been assigned or transferred to any unnamed party. DATUM and DDI represent and warrant that DATUM is the sole and rightful owner of the claims asserted in the COMPLAINT and otherwise herein and that any such claims have not been assigned or transferred to any unnamed party.

8.3 This Agreement is enforceable and binding upon the parties hereto, their successors and assigns, and any agents or others under the control or direction of the parties. Moreover, both parties, as well as the signatories, hereby warrant and covenant that their respective representative signing this Agreement has full authority to bind the parties to the terms of this Agreement.

8.4 The parties may assign all rights and delegate all duties hereunder to an entity acquiring that portion of each parties' business to which this Agreement relates, or to any corporate successor by way of merger or consolidation, provided that the assignee delivers to DATUM or GMT/GLASSEY/MCNEIL, as appropriate, a statement that the assignee assumes the assigning party's obligations hereunder.

8.5 This Agreement constitutes and contains the entire understanding and agreement of the parties and cancels and supersedes any and all prior negotiations, correspondence and understandings and agreements, whether verbal or written, between the parties respecting the subject matter hereof. No waiver, modification or amendment of any provision of this Agreement shall be valid or effective unless made in writing and signed by a duly authorized officer of each of the parties.

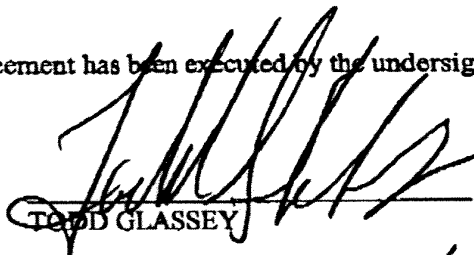
8.6 The provisions of this Agreement are severable, and if one or more provisions should be determined to be judicially unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable. The provisions of this Agreement shall be construed as separate provisions covering their subject matter in each of the separate counties and states in the United States in which DATUM transacts its business; to the extent that any provision shall be judicially unenforceable in any one or more of those counties or states, that provision shall not be affected with respect to each other county or state, each provision with respect to each county and state being construed as severable and independent.

8.7 The parties agree to take any acts, and execute any further documents, that may be reasonably necessary to accomplish and effect the terms of this Agreement.

8.8 This Agreement may be executed in counterparts and by fax, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

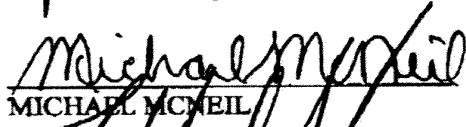
IN WITNESS WHEREOF, this Agreement has been executed by the undersigned on the dates below indicated.

Dated: November 19, 1999



TODD GLASSEY

Dated: November 19, 1999



MICHAEL MCNEIL

Dated: November 19, 1999



GLASSEY MCNEIL TECHNOLOGIES

Dated: November ____, 1999

DATUM, INC.

Dated: November ____, 1999

DIGITAL DELIVERY, INC.

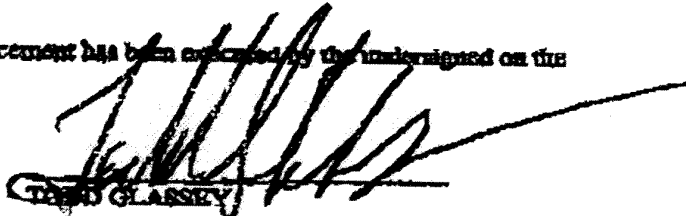
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IN WITNESS WHEREOF, this Agreement has been executed by the undersigned on the dates below indicated.

Dated: November 16, 1999


TERRY GLASSEY

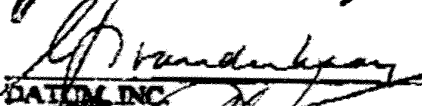
Dated: November 19, 1999


MICHAEL MCNEIL

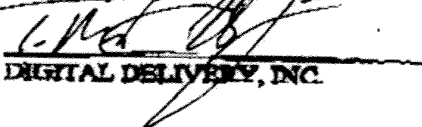
Dated: November 19, 1999


GLASSEY MCNEIL TECHNOLOGIES

Dated: November 29, 1999


DATUM, INC.

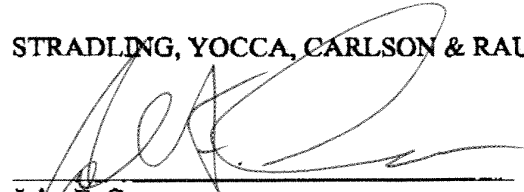
Dated: November 29, 1999


DIGITAL DELIVERY, INC.

APPROVED AS TO FORM AND CONTENT:

STRADLING, YOCCA, CARLSON & RAUTH

Dated: November __, 1999 By:



John F. Cannon

Attorneys for DATUM, Inc. and Digital Delivery Inc.

BOSSO, WILLIAMS SACHS, BOOK, ATACK &
GALLAGHER

Dated: November 19, 1999 By:



Jason R. Book, Esq.

Attorneys for Glassey-McNeil Technologies, Inc.
Todd Glassey, and Michael McNeil.