



Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

TRADEMARKS ONLY

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

7-22-02

1. Name of conveying party (ies):
Xythos Software, Inc.
 25 Maiden Lane, 6th Floor
 San Francisco, CA 94108

Individuals Association
 General Partnership Limited Partnership
 Corporation-State: DE
 Other

2. Name and address of receiving party (ies)
 Name: **Mobius Technology Ventures VI L.P.**
 Internal
 Address:
 Street Address: **200 W. Evelyn St., Suite 200**
 City: **Mt. View** State: **CA** Zip: **94043**

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership **Delaware**
 Corporation-State
 Other

Additional name(s) of conveying party (ies) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

If assignee is not domiciles in the United States a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address (es) attached? Yes No

Execution Date: **July 18, 2002**

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)
76/175,410

B. Trademark No.(s)

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: **Diana Sanchez Bentz**
 Internal Address:
Cooley Godward LLP
5 Palo Alto Square
 Street Address: **3000 El Camino Real**
 City: **Palo Alto** State: **CA** Zip: **94306**

6. Total number of applications and trademarks involved. **1**

7. Total fee (37 CFR 3.41)..... \$ **40.00**

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

03-3115

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Ankey To
Name of Person Signing

Signature

July 18, 2002
Date

07/22/2002 DBYRNE 00000084 76175410 Total number of pages including cover sheet, attachments, and documents: **23**

01 FC:481

40.00 DP

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

TRADEMARK
REEL: 002546 FRAME: 0458

SCHEDULE 1

ADDITIONAL SECURED PARTIES

SOFTBANK U.S. Ventures VI L.P.

200 W. Evelyn St., Suite 200
Mt. View, CA 94043
(Delaware limited partnership)

Mobius Technology Ventures Advisors Fund VI L.P.

200 W. Evelyn St., Suite 200
Mt. View, CA 94043
(Delaware limited partnership)

Mobius Technology Ventures Side Fund VI L.P.

200 W. Evelyn St., Suite 200
Mt. View, CA 94043
(Delaware limited partnership)

Pacific Technology Ventures U.S.A. II L.P.

650 California Street, 24th Floor
San Francisco, CA 94108
(Delaware limited partnership)

IDG Ventures Entrepreneurs Fund, L.P.

650 California Street, 24th Floor
San Francisco, CA 94108
(Delaware limited partnership)

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of July 19, 2002, ("*Agreement*"), is made by XYTHOS SOFTWARE, INC., a Delaware corporation ("*Grantor*"), in favor of the persons and entities named on the Schedule of Secured Parties attached hereto (individually a "*Secured Party*," and collectively the "*Secured Parties*").

RECITALS

A. Pursuant to that certain Secured Note and Warrant Purchase Agreement dated as of July __, 2002 (as the same may from time to time be amended, modified, supplemented or restated, the "*Purchase Agreement*"), by and between Grantor and the Secured Parties, the Secured Parties have agreed to make certain advances of money and to extend certain financial accommodation to Grantor as evidenced by certain Secured Convertible Promissory Notes (each, a "*Note*" and, collectively, the "*Notes*") dated the same date herewith, each made by Grantor and payable to a Secured Party (collectively, the "*Loans*").

B. The Secured Parties are willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall have executed and delivered to the Secured Parties this Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce the Secured Parties to make the Loans and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

1. **DEFINED TERMS.** When used in this Agreement, the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Purchase Agreement and in the Notes:

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

"*Contracts*" means all contracts (including any customer, vendor, supplier, service or maintenance contract), 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.

“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.

“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 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, provided the same have no priority over any of the Secured Parties’ security interests; (c) Liens (i) upon or in any Equipment acquired or held by Grantor to secure the purchase price of such Equipment or indebtedness 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 if such are otherwise permitted under this Agreement and do not interfere in any material respect with the business of Grantor; (e) any right, title or interest of a licensor under a license provided that such license or sublicense does not prohibit the grant of the security interest granted hereunder; (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 any 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 incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) and (c) above, 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; and (k) Liens in favor of the Secured Parties and arising from or in connection with the Loan Documents.

“Secured Obligations” means (a) 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, (b) the obligation of Grantor to pay any fees, costs and expenses of the Secured Parties under the Loan Documents or under Section 6(c) hereof and (c) all other indebtedness, liabilities and obligations of Grantor to the Secured Parties, whether now existing or hereafter incurred, arising from or in connection with any Loan Document or any other written agreement.

“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 California; 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 California, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection of priority and for purposes of definitions related to such provisions.

In addition, the following terms shall be defined terms having the meaning set forth for such terms in the UCC: "*Account*" (including health-care-insurance receivables), "*Account Debtor*", "*Chattel Paper*" (including tangible and electronic chattel paper), "*Commercial Tort Claims*", "*Commodity Account*", "*Deposit Account*", "*Documents*", "*Equipment*" (including all accessions and additions thereto), "*Fixtures*", "*General Intangible*" (including payment intangibles and software), "*Instrument*", "*Intellectual Property*", "*Inventory*" (including all goods held for sale or lease or to be furnished under a contract of service, and including returns and repossessions), "*Investment Property*" (including securities and securities entitlements), "*Letter-of-Credit Right*" (whether or not the letter of credit is evidenced by a writing), "*Payment Intangibles*", "*Proceeds*", "*Promissory Notes*", "*Securities Account*", and "*Supporting Obligations*." Each of the foregoing defined terms shall include all of such items now owned, or hereafter acquired, by Grantor.

2. **GRANT OF SECURITY INTEREST.** As collateral security for the prompt and complete 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 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 Contracts of Grantor;
- (e) All Deposit Accounts of Grantor;
- (f) All Documents of Grantor;

4.

- (g) All Equipment of Grantor;
- (h) All Fixtures of Grantor;
- (i) All General Intangibles of Grantor, including, without limitation, Payment Intangibles, all Copyrights, Patents, Trademarks, Licenses, designs, drawings, technical information, marketing plans, customer lists, trade secrets, proprietary or confidential information, inventions (whether or not patentable), procedures, know-how, models and data;
- (j) All Instruments of Grantor, including, without limitation, Promissory Notes;
- (k) All Inventory of Grantor;
- (l) All Investment Property of Grantor;
- (m) All Letter-of Credit Rights of Grantor;
- (n) All Supporting Obligations of Grantor;
- (o) All property of Grantor held by any Secured Party, or any other party for whom Secured Party is acting as agent hereunder, 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;
- (p) 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
- (q) 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) "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, or (b) any Contract, Instrument or Chattel Paper in which Grantor has any right, title or interest if and to the extent such Contract, Instrument or Chattel Paper includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Grantor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such Contract, Instrument or Chattel Paper to enforce any remedy with respect thereto; *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 Contract, Instrument or Chattel Paper or (ii) such prohibition would be rendered ineffective pursuant to Sections 9406, 9407 or 9408 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 a security interest in, all its rights, title and interests in and to such Contract, Instrument or Chattel Paper 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 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 Contract, Instrument or Chattel Paper and in any such monies and other proceeds of such Contract, Instrument or Chattel Paper.

If Grantor shall at any time acquire a commercial tort claim, as defined in the UCC, Grantor shall promptly notify the Secured Parties in a writing signed by Grantor of the brief details thereof and grant to the Secured Parties in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to the Secured Parties.

Secured Parties' security interest in the Collateral shall continue until the termination of this Agreement pursuant to Section 11.2 hereof, whereupon such security interest shall terminate and Secured Parties shall release their security interest in the Collateral and, at Grantor's sole cost and expense, execute such documents and take such further actions as may be reasonably necessary to effect the release contemplated hereunder, including, without limitation, duly executing and delivering termination statements for filing in all relevant jurisdictions under the UCC.

3. RIGHTS OF THE SECURED PARTIES; COLLECTION OF ACCOUNTS.

(a) Notwithstanding anything contained in this Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Contracts, Chattel Paper, Documents, Instruments and each of its 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 or License. The Secured Parties shall not have any obligation or liability under any Contract, Chattel Paper, Document, Instrument or License by reason of or arising out of this Agreement or the granting to the Secured Parties of a Lien therein or the receipt by the Secured Parties of any payment relating to any Contract, Chattel Paper, Document, Instrument or License pursuant hereto, nor shall the Secured Parties be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any 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 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, provided that such collection is performed in a prudent and businesslike manner, and the Secured Parties

may, upon the occurrence and during the continuation of any Event of Default and without notice, limit or terminate said authority at any time. Upon the occurrence and during the continuance of any Event of Default, at the request of the Secured Parties, 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) The Secured Parties may at any time, upon the occurrence and during the continuance of any Event of Default, without notifying Grantor of their intention to do so, 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 the Secured Parties as specified in such notice. Upon the request of the Secured Parties, 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 occurrence and during the continuance of any Event of Default, the Secured Parties may, in their respective names 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 the Secured Parties' 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) Grantor is the sole legal and equitable owner of each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto, free and clear of any and all Liens except for Permitted Liens.

(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 Agreement except for Permitted Liens.

(c) Upon the filing of all necessary federal (including with the United States Patent and Trademark Office) and state filings by the Secured Parties, this Agreement creates a valid security interest on and in all of the Collateral in which Grantor now has rights and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Accordingly, the Secured Parties have a fully perfected first priority security interest in all of the Collateral in which Grantor now had rights subject only to Permitted Liens. Upon the filing of all necessary federal and state filings by the Secured Parties, this Agreement will create a valid and fully perfected first priority security interest in the Collateral in which Grantor later acquires rights, when Grantor acquires those rights subject only to Permitted Liens and additional filings to be made with the United States Copyright Office and/or the United States Patent and Trademark Office as are necessary to perfect the Secured Parties' security interest in subsequent ownership rights and interests of Grantor in Copyrights, Patents, Trademarks and Licenses.

(d) Grantor's taxpayer identification number is, and 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. The State (or if not a State, the other jurisdiction) under whose law such registered organization was organized is set forth on the signature page hereof. The Collateral is presently located at Grantor's address as set forth on the signature page hereto.

(e) The name and address of each depository institution at which Grantor maintains any Deposit Account and the account number and account name of each such Deposit Account is listed on **Schedule B** attached hereto. The name and address of each securities intermediary or commodity intermediary at which Grantor maintains any Securities Account or Commodity Account and the account number and account name is listed on **Schedule B** attached hereto. Grantor agrees to amend **Schedule B** from time to time within five (5) business days after opening any additional Deposit Account, Securities Account or Commodity Account, or closing or changing the account name or number on any existing Deposit Account, Securities Account, or Commodity Account.

(f) Grantor is the sole holder of record and the sole beneficial owner of all certificated securities and uncertificated securities pledged to Secured Parties by Grantor under Section 2 of this Security Agreement, free and clear of any adverse claim, as defined in Section 8102(a)(1) of the UCC, except for the Lien created in favor of Secured Parties by this Security Agreement and Permitted Liens.

(g) None of the Investment Property of Grantor has been transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such transfer may be subject.

(h) All Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses now owned, held or in which Grantor otherwise has any interest are listed on **Schedule C** attached hereto. Grantor shall amend **Schedule C** from time to time within twenty (20) business days after the filing of any application for a Patent, Trademark or Copyright or the issuance of any Patent or registration of any Trademark or Copyright to reflect any additions to or deletions from this list which are material to the conduct of Grantor's business. Except as set forth on **Schedule C**, none of the Patents, Trademarks or Copyrights has been licensed to any third party.

5. **COVENANTS.** Grantor covenants and agrees with the Secured Parties that from and after the date of this Agreement and until the Secured Obligations have been performed and paid in full:

5.1 **Disposition of Collateral.** Grantor shall not, without prior written consent from the Required Purchasers, sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so, other than (a) the sale of Inventory, (b) the granting of non-exclusive Licenses and (c) the disposal of worn-out or obsolete Equipment, all in the ordinary course of Grantor's business.

5.2 Change of Jurisdiction of Organization, Relocation of Business or Collateral. Grantor shall not, without contemporaneously giving written notice to the Secured Parties, change its jurisdiction of organization, relocate its chief executive office, principal place of business or its records, or allow the relocation of any Collateral (except as allowed pursuant to Section 5.1 immediately above) from such address(es) provided to the Secured Parties pursuant to Section 4(d) above.

5.3 Limitation on Liens on Collateral. Grantor shall not, without prior written consent from Secured Parties, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except Permitted Liens.

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, and such policies shall name the Secured Parties as additional insureds and shall contain a lender loss payee endorsement and such other provisions as the Secured Parties may reasonably specify.

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 Equipment, Fixtures or Inventory, except to the extent the validity thereof is being contested in good faith and adequate reserves are being maintained in connection therewith.

5.6 Maintenance of Records. Grantor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral.

5.7 Registration of Intellectual Property Rights. Grantor shall promptly register or cause to be registered (to the extent not already registered) the most recent version of any Copyright and any Copyright License, and any Patent, Patent License, Trademark or Trademark License, which, individually or in the aggregate, is material to the conduct of Grantor's business, with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, including, without limitation, in all such cases the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings. Grantor shall register or cause to be registered with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, those additional rights and interests developed or acquired by Grantor after the date of this Agreement which are material to the conduct of the Grantor's business, including, without limitation, any additions to the rights and interests of Grantor listed on **Schedule C** hereto, prior to the sale or licensing of any product containing such rights and interests.

5.8 Notification Regarding Changes in Intellectual Property. Grantor shall advise the Secured Parties of any subsequent ownership right or interest of the Grantor in or to any Copyright, Patent, Trademark or License not specified on **Schedule C** hereto which are material to the conduct of the Grantor's business and Grantor shall permit the Secured Parties to amend **Schedule C**, as necessary, to reflect any addition or deletion to such ownership rights.

5.9 Defense of Intellectual Property. To the extent that it is commercially reasonable, Grantor shall (i) protect, defend and maintain the validity and enforceability of the Copyrights, Patents and Trademarks, (ii) use its reasonable efforts to detect infringements of the Copyrights, Patents and Trademarks and promptly advise the Secured Parties in writing of material infringements detected and (iii) not allow any Copyrights, Patents or Trademarks to be abandoned, forfeited or dedicated to the public without the written consent of the Secured Parties, unless reasonable business practice would determine that any such abandonment is appropriate.

5.10 Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written request of the Secured Parties, 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 Secured Parties may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (a) using its best reasonable efforts to secure all consents and approvals necessary or appropriate for the grant of a security interest to the Secured Parties in any Contract, License, Chattel Paper, Document or Instrument held by Grantor or in which Grantor has any right or interest not heretofore assigned, (b) cooperating with Secured Parties in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office, United States Copyright Office, or any actions, filings, recordings or registrations in any foreign jurisdiction or under any international treaty, required to secure or protect the Secured Parties interest in Grantor's Collateral, (c) transferring Grantor's Collateral to a Secured Party's possession (if a security interest in such Collateral needs to be perfected by possession), (d) at the Secured Parties' 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), (e) executing and delivering and causing 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 each new Deposit Account, Securities Account or Commodity Account or Letter-of-Credit Right in or to which Grantor has any right or interest in order to perfect the security interest created hereunder in favor of the Secured Parties (including giving the Secured Parties "control" over such Collateral within the meaning of the applicable provisions of Article 8 and Article 9 of the UCC if there is an Event of Default pursuant to this agreement), (f) at the Secured Parties' reasonable request, executing and delivering or causing to be delivered written notice to insurers of the Secured Parties' security interest in, or claim in or under, any policy of insurance (including unearned premiums) and (g) at Secured Parties' reasonable request, using its best reasonable efforts to obtain acknowledgments from bailees having possession of any Collateral and waivers of liens from landlords and mortgagees 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. If any amount payable under or in connection with any of the Collateral is or shall become evidenced by any Instrument, such Instrument, other than checks and notes received in the ordinary course of business and any Instrument in the outstanding or stated amount of less than \$25,000, shall be duly endorsed in a manner reasonably satisfactory to the Secured Parties and delivered to Secured Parties promptly and in any event within five (5) business days of Grantor's receipt thereof.

6. RIGHTS AND REMEDIES UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

(a) After any Event of Default shall have occurred and while such Event of Default is continuing, the Secured Parties may exercise in addition to all other rights and remedies granted to it under this Security Agreement or under any other Loan Document, 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 (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), 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 of Secured Party's offices or elsewhere at such prices as they may deem best, for cash or on credit or for future delivery without assumption of any credit risk. To the extent Grantor has the right to do so, Grantor authorizes any Secured Party, on the terms set forth in this Section 6 to enter the premises where the Collateral is located, to take possession of the Collateral, or any part of it, and to pay, purchase, contract, or compromise any encumbrance, charge, or lien which, in the opinion of the Required Purchasers, appears to be prior or superior to its security interest. The Secured Parties shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Grantor further agrees, at any Secured Party's request, to assemble its Collateral and make it available to such Secured Party at places, which such Secured Party 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 6(e), below, with Grantor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by the Secured Parties of any other amount required by any provision of law, need the Secured Parties account for the surplus, if any, to Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against the Secured Parties arising out of the repossession, retention or sale of the Collateral. Grantor agrees that the Secured Parties need not give more than ten (10) 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. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Secured Parties are entitled from Grantor, Grantor also being liable for the reasonable attorneys' fees and costs of any attorneys employed by the Secured Parties to collect such deficiency.

(b) Grantor agrees that in any sale of any of such Collateral, whether at a foreclosure sale or otherwise, the Secured Parties are hereby authorized to comply with any

limitation or restriction in connection with such sale as they may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications and restrict such prospective bidders and purchasers to persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental authority, and Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Secured Parties be liable nor accountable to Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

(c) Grantor also agrees to pay all reasonable fees, costs and expenses of the Secured Parties, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of the Secured Parties' 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 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 the Secured Parties in an amount sufficient to pay in full the reasonable costs of the Secured Parties in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by the Secured Parties in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to the Secured Parties in an amount equal to the then unpaid Secured Obligations; 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.

7. **INDEMNITY.** Grantor agrees to defend, indemnify and hold harmless the Secured Parties and their respective officers, employees, and agents (each an "*Indemnified Person*") against (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by the Secured Parties as a result of or in any way arising out of, following or consequential to transactions between the Secured Parties and Grantor, whether under this Agreement or otherwise (including without limitation, reasonable attorneys fees and expenses), except for all obligations, demands, claims, liabilities and losses arising from or out of any Indemnified Person's gross negligence or willful misconduct.

8. **LIMITATION ON THE SECURED PARTIES' DUTY IN RESPECT OF COLLATERAL.** The Secured Parties shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if they take such action as Grantor requests in writing, but

failure of the Secured Parties to comply with any such request shall not in itself be deemed a failure to act reasonably; and if no failure of the Secured Parties to do any act not so requested shall be deemed a failure to act reasonably.

9. **REINSTATEMENT.** This 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.

10. **UNEQUAL PAYMENT BY GRANTOR.** Each Secured Party agrees that if it shall, through the exercise of any right granted to the Secured Parties under any Loan Document 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 arising from, or in lieu of such secured claim, and received by such Secured Party under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Loan as a result of which the unpaid portion of its Loan is proportionally less than the unpaid portion of the Loans of the other Secured Parties, then (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Secured Parties a participation in the Loans of each such other Secured Party, so that the amount of such Secured Party's Loan and the participation in the Loans of the other Secured Parties shall be in the same proportion to all Loans then outstanding as the amount of its Loan prior to the obtaining of such payment was to the amount of all Loans outstanding prior to the obtaining of such payment 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 pro rata. The term "*Loan*" as used in this paragraph shall include accrued interest thereon.

11. **MISCELLANEOUS.**

11.1 **No Waiver; Cumulative Remedies.**

(a) The Secured Parties shall not by any act, delay, omission or otherwise be deemed to have waived any of their respective rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

(b) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

13.

(c) None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and the Required Purchasers.

11.2 Termination of this Agreement. Subject to Section 9 hereof, this Agreement shall terminate upon the payment and performance in full of the Secured Obligations, *provided, however* that Grantor's obligations in Section 7 shall survive any termination of this Agreement.

11.3 Successor and Assigns. This 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 Loans and their respective successors and assigns. Grantor may not assign this Agreement without the written consent of the Required Purchasers. Each of the Secured Parties may assign this Agreement and its rights hereunder at any time without the consent of the Grantor. No sales of participations, other 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.

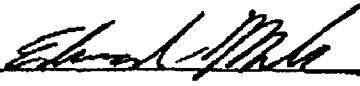
11.4 Governing Law. In all respects, including all matters of construction, validity and performance, this Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

ADDRESS OF GRANTOR
25 Maiden Lane, 6th Floor
San Francisco, CA 94108

XYTHOS SOFTWARE, INC.

By: 

Printed Name: _____

Title: _____

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:

94-3338247

JURISDICTION OF ORGANIZATION OF GRANTOR:

Delaware

ACCEPTED AND ACKNOWLEDGED BY:

MOBIUS TECHNOLOGY VENTURES VI L.P.
SOFTBANK U.S. VENTURES VI L.P.
MOBIUS TECHNOLOGY VENTURES ADVISORS FUND VI L.P.
MOBIUS TECHNOLOGY VENTURES SIDE FUND VI L.P.

By: Mobius VI LLC, General Partner

By: _____

Name: _____

Title: _____

SECURITY AGREEMENT
SIGNATURE PAGE

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

ADDRESS OF GRANTOR
25 Maiden Lane, 6th Floor
San Francisco, CA 94108

XYTHOS SOFTWARE, INC.

By: _____

Printed Name: _____

Title: _____

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:

94-3338247

JURISDICTION OF ORGANIZATION OF GRANTOR:

Delaware

ACCEPTED AND ACKNOWLEDGED BY:

MOBIUS TECHNOLOGY VENTURES VI L.P.

SOFTBANK U.S. VENTURES VI L.P.

MOBIUS TECHNOLOGY VENTURES ADVISORS FUND VI L.P.

MOBIUS TECHNOLOGY VENTURES SIDE FUND VI L.P.

By: Mobius VI LLC, General Partner

By: 

Name: RYAN A MCINTYRE

Title: VENTURE PARTNER

SECURITY AGREEMENT
SIGNATURE PAGE

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ACCEPTED AND ACKNOWLEDGED BY:

Pacific Technology Ventures U.S.A. II L.P.

BY: IDG VENTURES II, L.L.C.,
Its General Partner

BY: *Susan T Cheng*

Name: *Susan T Cheng*
Title: **Managing Member**

IDG Ventures Entrepreneurs Fund, L.P.

BY: IDG VENTURES II, L.L.C.,
Its General Partner

BY: *Susan T Cheng*

Name: *Susan T Cheng*
Title: **Managing Member**

**SECURITY AGREEMENT
SIGNATURE PAGE**

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SCHEDULE OF SECURED PARTIES

Name and Address

Mobius Technology Ventures VI L.P.

SOFTBANK U.S. Ventures VI L.P.

Mobius Technology Ventures Advisors Fund VI L.P.

Mobius Technology Ventures Side Fund VI L.P.

Each having a representative office at 200 W. Evelyn Street, Suite 200, Mountain View, CA 94043

Pacific Technology Ventures U.S.A. II L.P.

IDG Ventures Entrepreneurs Fund, L.P.

Each having a representative office at 650 California St., 24th Floor, San Francisco, CA 94108.

SCHEDULE A

LIENS EXISTING ON THE DATE OF THIS AGREEMENT

1. Office Lease

25 Maiden Lane, 6th Floor

Sublessee: Manning Selvage & Lee, Inc.

79 Madison Ave. New York, NY

Sublessor: Xythos Software, Inc.

Lease term until November 29, 2003

Financial obligation remaining under lease: \$193,362.50

2. Company Apartment Lease

#28T, 680 Mission St. San Francisco, CA 94108

Landlord: The Paramount

680 Mission Street, San Francisco, CA 94105

Tenant: Xythos Software, Inc.

Lease term until February 1, 2003

Financial obligation remaining under lease: \$18,993.31

3. Copier Lease

IOS Capital

P.O. Box 9115, Macon, GA 31208

Lease term for 60 months

Financial obligation remaining under lease: \$19,465.36

SCHEDULE B

LOCATION OF DEPOSIT ACCOUNTS AND SECURITIES ACCOUNTS

ENTITY	ADDRESS
Silicon Valley Bank (checking, money market, cash investment, CD)	3003 Tasman Drive Santa Clara, CA 95054
Wells Fargo Bank, N.A. (CD)	P.O. Box 340214 Sacramento, CA 95834

B-1.

SCHEDULE C

INTELLECTUAL PROPERTY

PATENTS FILED:

Title - Maintenance of Data Integrity during Transfer
Among Computer Networks
Inventors - Bary Lind and Kevin Wiggen
Country - U.S.
Reference # - PA1666US
Publication # - 20020065834
Filed - 11/30/00
Status - Pending

TRADEMARKS PENDING:

Mark - XYTHOS
Country - U.S.
Intl Class - 9,39,42
Date Filed - 12/4/00
SERIAL # 76/175,410

COPYRIGHTS:

**THE COMPANY CLAIMS COPYRIGHTS TO ITS WEBSITE ([HTTP://WWW.XYTHOS.COM](http://www.xythos.com)) AND
SOURCE CODE**

INTERNET DOMAIN NAMES:

www.xythos.com

C-1.

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RECORDED: 07/22/2002

**TRADEMARK
REEL: 002546 FRAME: 0480**