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03-19-2003

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

RECORDATION FORM TRADEMARK



FEDERAL COMMERCE TRADEMARK OFFICE

Tab settings

102394162

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

1. Name of conveying party(ies):

Protedyne Corporation

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

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

2. Name and address of receiving party(ies)

Name: Sprout Capital IX, L.P.

Internal Address:

Address:

Street Address: Eleven Madison Avenue

City: New York State: NY Zip: 10010

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

If assignee is not domiciled 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

3. Nature of conveyance:

- Assignment, Merger, Security Agreement, Change of Name, Other Collateral Agency Agreement

Execution Date: February 25, 2003

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2, 654, 894

Additional number(s) attached Yes No

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

Name: Lora A. Moffatt

Internal Address: Salans

Street Address: Rockefeller Center

620 Fifth Avenue

City: New York State: NY Zip: 10020

6. Total number of applications and registrations involved:

1

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

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

50-1628

(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.

Lora A. Moffatt

Name of Person Signing

Signature

3/12/03

Date

25

Total number of pages including cover sheet, attachments, and document:

03/18/2003 TDIAZ1 00000129 2654894

01 FC:0521

40.00 OP

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

SECURITY AND COLLATERAL AGENCY AGREEMENT

THIS SECURITY AND COLLATERAL AGENCY AGREEMENT is dated as of February 25, 2003, by and between PROTEDYNE CORPORATION, a Delaware corporation, having its chief executive office and principal office and place of business at 1000 Day Hill Road, Windsor, Connecticut 06095 (the "Debtor"), the SECURED PARTIES named on the signature pages hereto (each a "Secured Party"; collectively, the "Secured Parties") and SPROUT CAPITAL IX, L.P., a Delaware limited partnership, as collateral agent for the Secured Parties (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent").

W I T N E S S E T H:

WHEREAS, the Debtor and the Secured Parties are parties to a Note and Warrant Purchase Agreement, dated as of February 25, 2003 (as amended, supplemented or otherwise modified from time to time, the "Purchase Agreement");

WHEREAS, the Debtor wishes to grant to the Secured Parties a security interest in certain collateral of the Debtor and the Secured Parties wish to receive such security interest on the date hereof, all as more fully set forth herein; and

WHEREAS, the Secured Parties wish to designate the Collateral Agent as, and the Collateral Agent wishes to serve as, the agent of the Secured Parties with respect to the Collateral (as defined herein) granted to secure the interests of the Secured Parties under the Notes (as defined herein);

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties agree as follows:

ARTICLE 1 DEFINITIONS

SECTION 1.1 Certain Defined Terms. As used in this Agreement, unless otherwise specified, the following terms shall have the following meanings:

(a) "Affiliates" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person.

(b) "Collateral" means all tangible and intangible property of the Debtor, as more fully listed and described in Schedule A hereto, whether any of such property shall be owned, created or acquired by the Debtor at any time hereafter, wherever located, and the products, accessions and substitutions therefor, and the accounts and proceeds arising from the sale or disposition thereof including any returns thereof, including, where applicable, the proceeds of insurance covering any of the foregoing.

(c) “Default” means any “Default,” as such term is used in the Purchase Agreement (subject to any applicable cure period set forth therein).

(d) “Intellectual Property” means all intellectual and similar property of the Debtor of every kind and nature now owned or hereafter acquired by the Debtor, including, without limitation, inventions, designs, patents, copyrights, licenses, trademarks, trade secrets, confidential or proprietary technical and business information, know-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations, applications and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

(e) “Loan Documents” has the meaning set forth in Section 2.1 of this Agreement.

(f) “Majority in Interest” means, with respect to the Secured Parties at the time of determination, those Secured Parties holding at least 72% of the aggregate principal amount of the outstanding Notes.

(g) “Notes” shall mean the promissory notes delivered by the Debtor to the Secured Parties pursuant to the Purchase Agreement.

(h) “Person” shall mean any natural person and any corporation, partnership, joint venture, limited liability company or other legal person, but shall not include any governmental entity.

(i) “Pro Rata” means, with respect to any Secured Party, at the time of determination, a fraction determined by dividing the amount of the principal and interest owed by the Debtor under the Note to such Secured Party by the total amount of the principal and interest owed by the Debtor under all the Notes to all Secured Parties.

(j) “State” means any state or other jurisdiction in which the Debtor carries on business or in which the Collateral is at any time located, and includes, without limitation, the State of Connecticut.

ARTICLE 2 THE AGENT

SECTION 2.1 Appointment and Authorization. Each Secured Party irrevocably appoints and authorizes the Collateral Agent as its agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes, and the other loan documents relating thereto (all of such documents being collectively referred to herein as the “Loan Documents”) as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto. The Collateral Agent may perform its duties through such sub-agents and attorneys-in-fact, either as approved by a Majority in Interest of the Secured Parties or as it reasonably deems appropriate, and shall have no liability for any acts or omissions of any sub-agent or attorney-in-fact selected by it with reasonable care.

SECTION 2.2 The Collateral Agent and its Affiliates. The parties confirm their understanding that the Collateral Agent is also a Secured Party, and that it shall have the same rights and powers under this Agreement as any other Secured Party and may exercise or refrain from exercising the same as though it were not the Collateral Agent. The Secured Parties acknowledge that the Collateral Agent and its Affiliates have and may have investments in or other relationships with the Debtor, and may accept deposits from, lend money to, invest in and generally engage in any kind of business with the Debtor as if the Collateral Agent were not serving in such capacity.

SECTION 2.3 Action by the Collateral Agent. The obligations of the Collateral Agent hereunder and under the Loan Documents are only those expressly set forth herein and therein. Without limiting the generality of the foregoing, the Collateral Agent shall not be required to take any action with respect to any Default, except as expressly provided for herein, and shall not be deemed to have knowledge of the occurrence of any Default unless such Collateral Agent has received notice from a Secured Party or the Debtor specifying such Default. The Collateral Agent shall not be required to perform any obligations hereunder or under the Loan Documents if it has sent a written notification to a Secured Party for payment pursuant to either Section 2.6 or Section 2.7 of this Agreement until such Secured Party has made such payment to the Collateral Agent.

SECTION 2.4 Consultation with Experts. The Collateral Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 2.5 Liability of Collateral Agent. The Collateral Agent shall not be liable for any action taken or not taken by it in connection herewith (a) with the consent of, or at the request of, a Majority in Interest of the Secured Parties or (b) in the absence of his own gross negligence or willful misconduct. The Collateral Agent shall not be deemed to be a trustee or other fiduciary on behalf of any Secured Party or any other Person, nor shall the Collateral Agent have any liability in the nature of a trustee or other fiduciary. The Collateral Agent does not make any representation or warranty as to, nor shall it be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in or in connection with this Agreement, the Loan Documents or any borrowing thereunder; (ii) the performance or observance of any of the covenants or agreements of the Debtor under this Agreement or any of the other Loan Documents; (iii) the business, properties, operations, condition (financial or otherwise) or prospects of the Debtor; (iv) the legality, validity, binding effect, enforceability, value, sufficiency, effectiveness or genuineness of this Agreement, the Loan Documents or any other instrument or writing furnished in connection herewith or therewith; or (v) the validity, perfection or priority of any liens purported to be created by this Agreement or the value, validity or existence of, or title to, any of the Collateral. The Collateral Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile, E-mail or similar writing) believed by it to be genuine and to be signed or sent by the proper party or parties.

SECTION 2.6 Collateral Agent's Expenses Paid by Secured Parties. To the extent any of the following is not promptly paid by the Debtor pursuant to Section 4.2, 4.3 or 6.2

hereof, each Secured Party shall pay or reimburse the Collateral Agent such Secured Party's Pro Rata portion, upon presentation of an invoice, of any of the following amounts:

(a) all reasonable costs and expenses of the Collateral Agent (including, without limitation, fees and expenses of legal counsel and other advisors to the Collateral Agent) in connection with: (i) the perfection, preservation and continuation of the Security Interest (as defined herein) in the Collateral; (ii) the investigation of any actual or alleged Default; (iii) the enforcement of this Agreement and any of the Loan Documents; (iv) the protection or preservation of the rights of each Secured Party and/or the Collateral Agent against the Debtor or any of its assets; and (v) any amendment, modification or waiver of any of the terms of this Agreement or any Loan Document (whether or not any such amendment, modification or waiver is signed or becomes effective); and

(b) all transfer, stamp, documentary and other similar taxes, assessments, filing fees or charges (including, without limitation, penalties and interest) levied by any governmental or revenue authority, domestic or foreign, in respect of this Agreement or any Loan Document (the expenses referred to in clauses (a) and (b) are referred to as "Collateral Agent Expenses").

SECTION 2.7 Indemnification by the Debtor and Secured Parties. The Debtor and each Secured Party shall indemnify the Collateral Agent and the Collateral Agent's Affiliates and their respective directors, officers, agents, attorneys, employees and shareholders of each of the foregoing (to the extent not reimbursed by the Debtor) against such Secured Party's Pro Rata share of any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability that such indemnitees may suffer or incur in connection with this Agreement or any other Loan Document, or any action taken or omitted by such indemnitees hereunder or thereunder (except any of the foregoing resulting from such indemnitee's gross negligence or willful misconduct). Neither the Debtor nor any Secured Party shall have any indemnification obligation to the Collateral Agent under this Section 2.7 to the extent that such obligation arises solely by virtue of the Collateral Agent's status as a Secured Party.

SECTION 2.8 Credit Decision. Each Secured Party acknowledges that it has, independently and without reliance upon any Collateral Agent or any other Secured Party, and based on such documents and information as it has deemed appropriate, made its own credit analysis and legal analysis and decision to enter into this Agreement and the Loan Documents. Each Secured Party also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Secured Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions and other decisions in taking or not taking any action under this Agreement or the other Loan Documents.

SECTION 2.9 Successor Collateral Agent. The Collateral Agent may resign at any time by giving 30 days' notice thereof to the Secured Parties and the Debtor. Upon any such resignation, a Majority in Interest of the Secured Parties, with the prior consent of the Debtor (such consent not to be unreasonably withheld, and not to be required at any time when a Default has occurred and is continuing), shall have the right to appoint a successor Collateral Agent. If

no successor Collateral Agent shall have been appointed by the Secured Parties, or if no successor Collateral Agent shall have accepted such appointment, within 30 days after the resigning Collateral Agent gives notice of resignation, then the resigning Collateral Agent, may, on behalf of the Secured Parties and without the consent of the Debtor, appoint a successor Collateral Agent, which shall be any Secured Party or any commercial lender organized or licensed under the laws of the United States of America or of any State. Upon the acceptance of its appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights and duties of the resigning Collateral Agent, and the resigning Collateral Agent shall be discharged from its duties and obligations hereunder. After the resigning Collateral Agent's resignation hereunder as Collateral Agent, the provisions of this Article 2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent.

ARTICLE 3 THE COLLATERAL

SECTION 3.1 Grant of Security Interest; Collateral. As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Notes, the Debtor hereby pledges, assigns and grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in, assignment of, general lien on and right of set-off against the Collateral (the "Security Interest"). The Security Interest shall have the same priority for each of the Secured Parties for all amounts loaned by each of the Secured Parties under the Notes.

SECTION 3.2 No Assumption of Liability. The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or in any way alter or modify, any obligation or liability of the Debtor with respect to or arising out of the Collateral.

SECTION 3.3 Actions of Collateral Agent. The Collateral Agent will take such actions under this Agreement as may be requested in writing by a Majority in Interest of the Secured Parties. If the Collateral Agent requests direction in writing from the Secured Parties and does not receive written instructions from a Majority in Interest of the Secured Parties within five business days after such written request, the Collateral Agent may take whatever actions under this Agreement it deems necessary.

SECTION 3.4 Actions of Secured Parties. Each of the Secured Parties (other than the Collateral Agent acting in such capacity) hereby agrees that it will not take any action with respect to the Collateral or the Security Interest, directly or indirectly, for its behalf, and will instead give instructions to the Collateral Agent to act on its behalf in accordance with Section 3.3 of this Agreement.

ARTICLE 4
DEBTOR'S COVENANTS

SECTION 4.1 The Debtor warrants, covenants and agrees with the Collateral Agent and the Secured Parties that, from and after the date of this Agreement until any and all amounts owed by the Debtor to any Secured Party are paid in full:

(a) The Debtor shall pay, perform and discharge when due all of its obligations under the Notes and the Loan Documents according to their respective terms.

(b) The Debtor shall defend the title to the Collateral against any and all Persons and against any and all claims.

(c) At any time and from time to time, at the request of any Secured Party, the Debtor shall execute and deliver one or more financing statements and/or continuation statements pursuant to the Uniform Commercial Code, and any amendments thereof and supplements thereto, and such other instruments as such Secured Party shall reasonably require in order to perfect, protect, preserve and maintain the Security Interest, and shall pay the cost of filing and recording the same or filing and recording this Agreement in all public offices wherever filing or recording is reasonably deemed by any Secured Party to be necessary or desirable. The Debtor hereby irrevocably appoints the Collateral Agent, for the ratable benefit of the Secured Parties, as the Debtor's attorney-in-fact, coupled with an interest, to take whatever action the Collateral Agent or the Secured Parties may deem necessary to perfect or continue the perfection of the Security Interest under this Agreement pursuant to the Uniform Commercial Code. The Debtor agrees that a carbon, photographic or other reproduction of this Agreement or a financing statement is sufficient as a financing statement.

(d) The Debtor shall retain possession of the Collateral during the existence of this Agreement and shall not sell, exchange, assign, loan, deliver, lease, license, transfer or otherwise dispose of same, other than sales of inventory and bona fide non-exclusive licenses of Intellectual Property in the ordinary course of business and for fair value, without the prior written consent of the Collateral Agent in each instance.

(e) The Debtor shall diligently collect all of its accounts and accounts receivable constituting Collateral unless and until the Collateral Agent exercises its right to collect the accounts and accounts receivable. Upon any Default, the Debtor shall, at the request of the Collateral Agent, notify its account debtors of the Security Interest in any account or account receivable and that payment thereof is to be made directly to the Collateral Agent.

(f) The Debtor shall keep the Collateral (consisting of tangible personal property) at its present location and not to remove the same (other than motor vehicles or inventory sold in accordance with paragraph (d) above) without the prior written consent of the Collateral Agent in each instance.

(g) The Debtor shall keep the Collateral free and clear of all liens, charges, encumbrances, pledges, mortgages, and security interests except for the Security Interest and the Permitted Liens (as defined in the Purchase Agreement).

(h) The Debtor shall pay when due all taxes, assessments, governmental charges and license fees relating to, or which could become a lien upon, the Collateral.

(i) The Debtor shall keep the Collateral, at the Debtor's own cost and expense, in good repair and condition and to use it for the purposes intended and not to misuse, abuse, waste or allow it to deteriorate, except for normal wear and tear, and to make the same available for inspection by any Secured Party during normal business hours.

(j) The Debtor shall keep the Collateral insured against loss by fire, theft, flood and other hazards (so-called "All Risk" coverage) as the Collateral Agent may require in an amount equal to the full value of the Collateral and in no event less than the outstanding aggregate amount of the Notes secured thereby. Insurance policies covering the Collateral shall be obtained from responsible insurers authorized to do business in the State of Connecticut. Certificates of insurance or policies shall name the Collateral Agent for the benefit of the Secured Parties as loss payee and shall have attached thereto a loss payable clause making losses payable to the Collateral Agent for the benefit of the Secured Parties (subject to any similar clause for the benefit of an existing secured creditor, which clause is contained in the current documentation relating to such secured interest) as its interest may appear, and all such policies and renewal policies shall be deposited with the Collateral Agent for the benefit of the Secured Parties. Each policy or endorsement thereto shall contain a clause requiring the insurer to give not less than 30 days prior written notice to the Collateral Agent for the benefit of the Secured Parties in the event of modification or cancellation of the policy for any reason whatsoever, and a clause providing that the interest of the Collateral Agent for the benefit of the Secured Parties shall not be impaired or invalidated by any act or neglect of the Debtor or owner of the Collateral. Subject to any senior rights in favor of an existing secured creditor, which rights are contained in the current documentation relating to such secured interest, the Debtor shall give immediate written notice to the Collateral Agent for the benefit of the Secured Parties and to the appropriate insurers of any loss or damage to the Collateral and shall promptly file proofs of loss with the appropriate insurers. The Debtor hereby irrevocably appoints the Collateral Agent for the benefit of the Secured Parties as attorney-in-fact, coupled with an interest, of the Debtor in obtaining and adjusting any such insurance and endorsing settlement drafts and hereby assigns to the Collateral Agent for the benefit of the Secured Parties all sums which may become payable under such insurance, including return premiums and dividends, as additional security for the Notes. In the event of termination or threatened termination of insurance, the Collateral Agent has the right to obtain its own insurance covering the Collateral and to add the costs of obtaining and maintaining such insurance as an additional obligation of the Debtor to the Collateral Agent (and, if such amount is not paid by the Debtor, the unpaid amount shall be included in the Collateral Agent Expenses). Nothing herein shall relieve the Debtor of its duty or obligation to do any act for which the Collateral Agent may be hereby appointed attorney-in-fact for the Debtor or otherwise authorized to act.

(k) In the conduct of its business, the Debtor shall comply with all applicable laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Debtor, the Collateral and/or its business.

(l) The Debtor will promptly give the Secured Parties written notice of any action taken by any secured party (other than a Secured Party) related to the Collateral.

SECTION 4.2 The Debtor's Duty of Expenses, Etc. The Debtor agrees to pay or reimburse the Collateral Agent for any Collateral Agent Expenses promptly (and in any event within 45 days after delivery of an invoice therefor from the Collateral Agent). Any Collateral Agent Expenses not so paid within such 45-day period shall accrue interest at the rate of 12% per annum.

SECTION 4.3 Authorization of Collateral Agent. The Debtor authorizes the Collateral Agent for the benefit of the Secured Parties, if the Debtor fails to do so, to do all things required of the Debtor herein and charge all expenses incurred by the Collateral Agent for the benefit of the Secured Parties to the Debtor together with interest thereon until repayment to the Secured Party at the highest interest rates provided in the Notes. Failure to repay any said advance with interest within 10 days from the date of demand by the Collateral Agent shall constitute a Default hereunder.

SECTION 4.4 Change of Name. The Debtor shall not, without 30 days prior written notice to the Collateral Agent, change its name or make any changes in the tradenames under which it now operates. In the event that the Debtor so notifies the Collateral Agent, the Debtor will execute such financing statements and other documents as the Collateral Agent or Secured Parties shall deem necessary or desirable in order to maintain the existence, perfection and priority of the Secured Parties' Security Interest.

SECTION 4.5 Collateral Assignment of Contracts. If the Collateral Agent so requests, the Debtor shall execute and deliver a collateral assignment of contracts (on terms reasonably satisfactory to a Majority in Interest of the Secured Parties and Collateral Agent) to further confirm or perfect the Collateral Agent's security interest in any contracts or contract rights included in the Collateral, and the Debtor shall use commercially reasonable efforts to procure the assent of each other party to each of such contracts to such collateral assignment.

ARTICLE 5 DEBTOR'S REPRESENTATIONS AND WARRANTIES

SECTION 5.1 The Debtor's Representations and Warranties. The Debtor represents and warrants to the Collateral Agent and to each Secured Party as follows:

(a) The Debtor has, and as to Collateral acquired or arising after the date hereof will have, good and valid rights in, and title to, the Collateral with respect to which it has purported to grant a Security Interest hereunder, except for the Security Interest and the Permitted Liens and minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize the Collateral for its intended purposes, and has full power and authority to grant to the Collateral Agent and the Secured Parties the Security Interest in the Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person other than any consent or approval which has been obtained.

(b) Except for the Security Interest and the Permitted Liens, the Debtor is, and as to Collateral acquired or arising after the date hereof will be, the owner of the Collateral free and clear of any lien, security interest, pledge and encumbrance of any nature.

(c) All written information heretofore or hereafter furnished by Debtor to the Collateral Agent and each Secured Party is or will be true and correct in all material respects as of the date with respect to which such information was or will be furnished.

(d) The office where Debtor keeps its records concerning the Collateral and the Debtor's principal place of business and chief executive office are and will be located at 1000 Day Hill Road, Windsor, Connecticut 06095.

ARTICLE 6 DEFAULT

SECTION 6.1 Remedies on Default.

(a) Upon any Default and upon demand by the Collateral Agent, the Debtor agrees immediately to assemble the Collateral and make it available to the Collateral Agent at the place and time designated in such demand. The Collateral Agent shall be entitled to immediate possession of the Collateral and the Collateral Agent may: (i) enter any premises where any Collateral may be located for the purpose of assembling or taking possession of and removing same and (ii) sell, assign, lease or otherwise dispose of the Collateral or any part thereof, either at public or private sale acceptable to the Collateral Agent, all at the Collateral Agent's sole option. Any of the Collateral Agent and/or any Secured Party may, in its discretion and as it may deem advisable, bid or become the purchaser at any such sale described in clause (ii) above, free from any right of redemption (which is hereby expressly waived by the Debtor). Until any such sale, the Collateral Agent may store the Collateral on the premises where it is located when seized, and if said premises are the property of the Debtor, the Debtor agrees not to charge the Collateral Agent for storage thereof for a period of 90 days before or after sale or disposition of said Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold in a recognized market, the Collateral Agent will give the Debtor reasonable notice of time and place of any public sale or the time after which any private sale or other intended disposition will be made. The requirement of reasonable notice shall be met if such notice is mailed to the Debtor at least five days before the time of the sale or disposition.

(b) For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article 6, at such time as the Collateral Agent shall be entitled to exercise such rights and remedies, the Debtor hereby grants to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Debtor) to use, license and sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired or developed by the Debtor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent shall be exercised, at the option of the Collateral Agent, upon the occurrence, and during the continuation, of a Default; provided, that any license, sub-license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Debtor notwithstanding any subsequent cure of a Default. Any royalties and other payments received by the Collateral Agent shall be applied in accordance with this Article 6.

(c) The net cash proceeds resulting from the collection, liquidation, sale or other disposition of the Collateral shall be applied: first to the expenses (including all attorneys' fees) of preparing for sale, storing, processing, selling, collecting, and/or liquidating the Collateral and the like; second to the Secured Parties, for the principal and interest due under the Notes in an amount equal to their Pro Rata portion of such proceeds. The Debtor shall be liable to the Secured Parties and shall pay to the Secured Parties on demand any deficiency which may remain after such sale, disposition, collection or liquidation of Collateral, and the Secured Parties in turn agree to remit to the Debtor, or other such persons as their interests may appear, any surplus remaining after all such liabilities have been paid in full.

(d) Upon the request of the Collateral Agent, after the occurrence of any Default, any proceeds of accounts, accounts receivable or inventory constituting Collateral received by the Debtor, whether in the form of cash, checks, notes or other instruments, shall be held in trust by the Debtor for the Collateral Agent in favor of the Secured Parties and the Debtor shall deliver said proceeds daily to the Collateral Agent, without commingling, in the identical form received (properly endorsed or assigned where required to enable the Collateral Agent to collect the same).

(e) To facilitate the exercise by the Collateral Agent of the rights and remedies set forth in this section, the Debtor hereby irrevocably appoints the Collateral Agent, or any other person whom the Collateral Agent may designate, as attorney-in-fact for the Debtor, coupled with an interest, at the Debtor's expense, to exercise all or any of the foregoing powers, and other powers incidental to the foregoing, all of which, being coupled with an interest, shall be irrevocable, shall continue until all obligations have been paid in full and shall be in addition to any other rights and remedies that the Collateral Agent may have.

(f) In the event the Collateral Agent seeks to take possession of any or all Collateral by court process, the Debtor hereby irrevocably waives any bonds and any surety or security relating thereto required by any statute, court rule or otherwise as an incident to such possession, and waives any demand for possession prior to the commencement of any suit or action to recover with respect thereto and waives the right to demand a jury in any action in which the Collateral Agent is a party.

SECTION 6.2 Attorneys' Fees and Expenses. Upon any Default (and without limiting the provisions of Section 4.2), the Debtor shall promptly pay the reasonable attorneys' fees and the legal and other expenses of the Collateral Agent and the Secured Parties incurred in pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral.

SECTION 6.3 Other Rights. In addition to all rights and remedies herein, upon Default, the Collateral Agent and each Secured Party shall have such other rights and remedies as are set forth in the Uniform Commercial Code, as amended, to the extent the same are not inconsistent with the provisions of this Agreement.

ARTICLE 7
MISCELLANEOUS

SECTION 7.1 THE DEBTOR ACKNOWLEDGES THAT THIS AGREEMENT AND THE UNDERLYING TRANSACTIONS GIVING RISE HERETO CONSTITUTE COMMERCIAL BUSINESS TRANSACTIONS WITHIN THE STATE OF CONNECTICUT AND THE STATE OF NEW YORK. IN THE EVENT OF ANY LEGAL ACTION BETWEEN THE DEBTOR AND THE SECURED PARTY HEREUNDER, THE DEBTOR HEREBY EXPRESSLY WAIVES ANY RIGHTS WITH REGARD TO NOTICE, PRIOR HEARING AND ANY OTHER RIGHTS IT MAY HAVE UNDER ANY STATUTE OR STATUTES, STATE OR FEDERAL, AFFECTING PREJUDGMENT REMEDIES, AND EACH SECURED PARTY MAY INVOKE ANY PREJUDGMENT REMEDY AVAILABLE TO IT, INCLUDING, BUT NOT LIMITED TO, GARNISHMENT, ATTACHMENT, FOREIGN ATTACHMENT AND REPLEVIN, WITH RESPECT TO ANY TANGIBLE OR INTANGIBLE PROPERTY (WHETHER REAL OR PERSONAL) OF THE DEBTOR TO ENFORCE THE PROVISIONS OF THIS AGREEMENT, WITHOUT GIVING THE DEBTOR ANY NOTICE OR OPPORTUNITY FOR A HEARING.

SECTION 7.2 Additional Waivers. Demand, presentment, protest and notice of nonpayment are hereby waived by the Debtor. The Debtor also waives the benefit of all valuation, appraisal and exemption laws.

SECTION 7.3 Binding Effect. The terms, warranties and agreements herein contained shall bind, and inure to the benefit of, the respective parties hereto, and their respective legal representatives, successors and assigns.

SECTION 7.4 Assignment. Each Secured Party may assign its Pro Rata security interest in the Collateral to any Affiliate, including with respect to any Secured Party that is a partnership, one or more direct or indirect partners of such Secured Party.

SECTION 7.5 Amendment. This Agreement may not be altered or amended, and the provisions of this Agreement may not be waived, except by an agreement in writing signed by the Debtor, the Collateral Agent and a Majority in Interest of the Secured Parties; provided, that any such alteration, amendment or waiver that adversely alters the terms hereof for any Secured Party (or group of Secured Parties) differently than for the Secured Parties generally, shall not be effective without the consent of the Secured Party (or the Secured Parties holding a majority of the outstanding principal under the Convertible Notes held by such group of Secured Parties, as applicable) so differently treated.

SECTION 7.6 Term.

(a) This Agreement shall continue in full force and effect until all Notes have been irrevocably paid in full.

(b) No termination of this Agreement shall in any way affect or impair the rights and liabilities of the parties hereto relating to any transaction or events prior to such termination date, or to any Collateral in which the Collateral Agent or any Secured Party has a

security interest, and all agreements, warranties and representations of the Debtor shall survive such termination.

SECTION 7.7 Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, telegraphed, sent by electronic facsimile transmission or delivered to each applicable party at the address set forth below or at such other address as to which such party may, inform the other parties in writing in compliance with the terms of this Section 7.7:

If to any Secured Party: at such party's address set forth in the register maintained by the Debtor, or, as to each of the foregoing, at the addresses set forth in Exhibit 1.1 to the Purchase Agreement, or at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 7.7.

If to the Collateral Agent: at the address for the Collateral Agent as set forth in Exhibit 1.1 to the Purchase Agreement, or at such other address as shall be designated by the Collateral Agent in a written notice to the other parties complying as to delivery with the terms of this Section 7.7.

If to the Debtor: at the address set forth in the preamble to this Agreement, or at such other address as shall be designated by the Debtor in a written notice to the other parties complying as to delivery with the terms of this Section 7.7.

All such notices, requests, demands and other communications shall, when mailed (which mailing must be accomplished by first class mail, postage prepaid; electronic facsimile transmission; express overnight courier service; or registered or certified mail, return receipt requested) shall be deemed delivered the earlier of the date on which such mailing was received (or signed for) or three days after mailed, or when sent by electronic facsimile transmission be considered to be delivered one day after having been sent by electronic facsimile transmission (with receipt confirmed).

SECTION 7.8 No Waiver. The Collateral Agent's or any Secured Party's failure at any time or times hereafter to require strict performance by the Debtor of any of the provisions, warranties, terms and conditions contained in this Agreement, or in any other agreement, instrument or document now or at any time or times hereafter executed by the Debtor and delivered to the Collateral Agent or any Secured Party, shall not waive, affect or diminish any right of any Secured Party at any time or times hereafter to demand strict performance therewith, and such right shall not be deemed to have been waived by any act or knowledge of such Secured Party, its agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an officer of such Secured Party and directed to the Debtor specifying such waiver. No waiver by any Secured Party of any Default hereunder shall operate as a waiver of any other Default or the same Default on a future occasion.


SECTION 7.9 Choice of Law. The laws of the State of Delaware, without regard to the rules of such state governing conflicts of law, shall govern the rights and duties of the parties herein contained.

SECTION 7.10 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute but one contract.

***** Signature Page Follows *****

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement as of the day and year first above written.

PROTEDYNE CORPORATION

By 
Name: Donald Schoeny
Title: President

SPROUT CAPITAL IX, L.P., as Collateral Agent

By: DLJ Capital Corporation
Its: Managing General Partner

By _____
Name: Ronald Hunt
Title: Managing Director

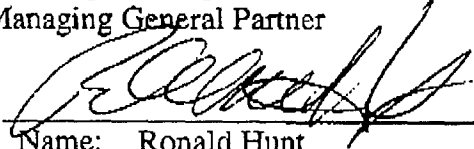
IN WITNESS WHEREOF, the parties have signed and sealed this Agreement as of the day and year first above written.

PROTEDYNE CORPORATION

By _____
Name:
Title:


SPROUT CAPITAL IX, L.P., as Collateral
Agent

By: DLJ Capital Corporation
Its: Managing General Partner

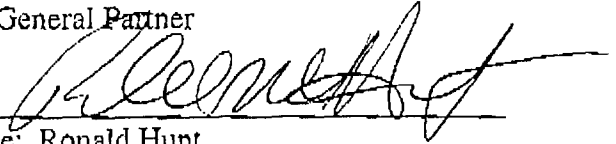
By  _____
Name: Ronald Hunt
Title: ~~Managing~~ Director

SECURED PARTIES:

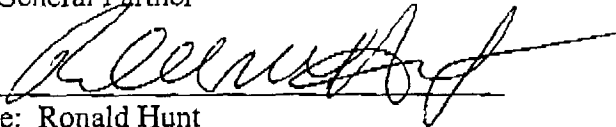
DLJ CAPITAL CORPORATION

By: 
Name: Ronald Hunt
Title: ~~Managing~~ Director

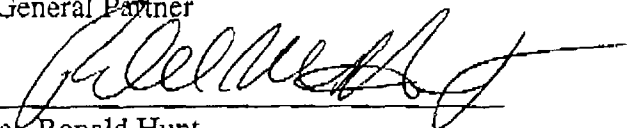
SPROUT IX PLAN INVESTORS, L.P.

By: DLJ Capital Corporation
Its: General Partner
By: 
Name: Ronald Hunt
Title: ~~Managing~~ Director

SPROUT ENTREPRENEURS FUND, L.P.

By: DLJ Capital Corporation
Its: General Partner
By: 
Name: Ronald Hunt
Title: ~~Managing~~ Director

SPROUT CAPITAL IX, L.P.

By: DLJ Capital Corporation
Its: General Partner
By: 
Name: Ronald Hunt
Title: ~~Managing~~ Director

MERIDIAN VENTURE PARTNERS II,
L.P.

By: MVP II G.P., L.P., its General Partner

By: Meridian Venture Partners II, Co., its
General Partner

By:  _____

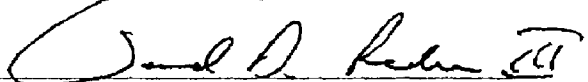
Name: Thomas A. Penn

Title: Vice President

LONG RIVER VENTURES, L.P.,
a Delaware limited partnership

By: Long River Capital Partners, LLC,
a Delaware limited liability
company, its General Partner

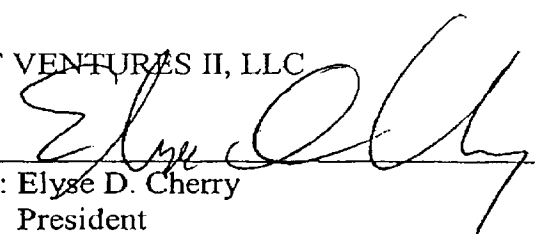
By: Long River Capital Management, LLC,
a Delaware limited liability
company, its Manager

By: 

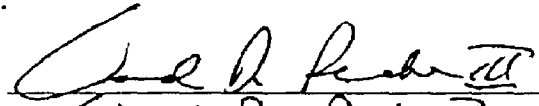
Name: Word D. Peake, III

Title: Managing Member

BCLF VENTURES II, LLC

By: 
Name: Elyse D. Cherry
Title: President

THE WORCESTER VENTURE FUND,
L.P.

By: 
Name: Ward D. Poole III
Title: Managing Member

FRESHTRACKS CAPITAL L.P.

By: CKV, LLC, its General Partner

By: MiddManagement LLC, its Manger

By: Charles Kireker

Name: Charles Kireker

Title: Authorized Member

VILLAGE VENTURES PARTNERS
FUND, L.P.

By: Village Ventures Capital Partners I,
LLC, its General Partner

By: Village Ventures, Inc., its Manager

By:  _____

Name:

Title:

VILLAGE VENTURES PARTNERS
FUND A, L.P.

By: Village Ventures Capital Partners I,
LLC, its General Partner

By: Village Ventures, Inc., its Manager

By:  _____

Name:

Title:

SCHEDULE A

(a) All goods of the Debtor, including, without limitation, machinery, equipment, furniture, furnishings, fixtures, tools, supplies and motor vehicles of every kind and description now or hereafter owned by the Debtor or in which the Debtor may have or may hereafter acquire any interest, together with all customer lists and records of the business and all improvements thereto, and also including assets consisting of leasehold interests or other contract rights, but specifically excluding any equipment now or hereafter leased by the Debtor from any third party.

(b) All inventory of the Debtor, including, but not limited to, all merchandise, raw material, parts, supplies, work in process, finished products intended for sale or lease, of every kind and description now or hereafter owned by and in the custody of or possession, actual or constructive, of the Debtor, including such inventory as is temporarily out of the Debtor's possession or other proceeds, including insurance proceeds, resulting from other things, but not limited to, raw materials and finished products and including all other classes of merchandise, materials, parts, supplies, work in process, inventories and finished products intended for sale or lease by the Debtor including inventory temporarily removed from its customary location.

(c) All contract rights and general intangibles of the Debtor, including without limitation, goodwill and deposit accounts.

(d) All present and future accounts, accounts receivable and other receivables and all books and records relating thereto.

(e) All documents, instruments, investment property and chattel paper, including the Debtor's right, title and interest in any securities, stocks, bonds, notes, membership interests and other ownership interests in any entity, whether owned of record or beneficially.

(f) All intellectual and similar property of the Debtor of every kind and nature, including, without limitation, inventions, designs, patents, copyrights, licenses, trademarks, trade secrets, confidential or proprietary technical and business information, know-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations, applications and franchises, and all books and records describing or used in connection with any of the foregoing.

(g) All of the foregoing types or items of property referred to in (a) through (f) above (the "Collateral") shall include Collateral acquired or created by the Debtor at any time hereafter, wherever located, and the products and proceeds of the Collateral and any replacements, additions, accessions, or substitutions of the Collateral, after acquired property, and the accounts or proceeds arising from the sale or disposition of any inventory of the Debtor including any returns thereof; including, where applicable, the proceeds of insurance covering the Collateral.

Intellectual Property

PROTEDYNE PATENT APPLICATIONS

Our Ref. No.	Responsible Person	Application No./Filing Date	Title	Inventors	Status
7000	REH	60/256,173; 12/18/00	Automated Laboratory System	Paschetto, Massaro, Boot, Wilson	Provisional application
7001	REH	10/026,918; 12/18/01	Automated Laboratory System and Method	Paschetto, Massaro, Boot, Wilson	Pending (related to 7000); IDS for WO search filed
7001WO	REH	12/18/01;	Automated Laboratory System and Method	Paschetto, Massaro, Boot, Wilson	Pending;
7002	REH	10/113,865; 04/01/02	Robotically Manipulable Sample Handling Tool (Addressable Valve Array)	Massaro	Pending; Dec, Assignment and IDS filed
7003	REH	60/397,990; 07/23/02	Robotically Manipulable Tool with On-Board Processor	Massaro	Provisional application;
7004	REH	60/397,989; 07/23/02	Liquid Handling Tool Having Porous Plunger	Massaro	Provisional application;
7005	REH		Sample Handling Tool with Piezoelectric Actuator	Massaro	Awaiting signed declaration and assignment from Massaro

PROTEDYNE TRADEMARK APPLICATIONS

The Company has applied for a trademark for "Protedyne". The registration number is 2654894.