

05-06-2003

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



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

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

1. Name of conveying party(ies):

Chaoticom, Inc.

5.5.03

- Individual(s) Association General Partnership Limited Partnership 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 Amended and Restated Security Agreement

Execution Date: 4/2/03

2. Name and address of receiving party(ies)

Name: Charles River Partnership XI, LP

Internal Address: Suite 3300

Street Address: 1000 Winter Street

City: Waltham State: MA Zip: 02451

- Individual(s) citizenship Association General Partnership Limited Partnership 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

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

A. Trademark Application No.(s) 78/113634

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

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

Name: Michael A. Diener

Internal Address: Hale and Dorr LLP

Street Address: 60 State Street

City: Boston State: MA Zip: 02109

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:

08-0219

OFFICE OF PUBLIC RECORDS 203 MAY - \$ AM 10:59 FINANCE SECTION

DO NOT USE THIS SPACE

9. Signature.

Michael A. Diener Reg. No. 37,122 Name of Person Signing

Signature

4-29-03 Date

Total number of pages including cover sheet, attachments, and document: 23

05/06/2003 ECOOPER 00000073 080219 78/113634

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

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TRADEMARK REEL: 002724 FRAME: 0953

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY
Form PTO-1594

Item 2. Additional Names and Addresses of Receiving Party(ies)

Charles River Friends XI-A, LP
1000 Winter Street, Suite 3300
Waltham, Massachusetts 02451

Charles River Friends XI-B, LP
1000 Winter Street, Suite 3300
Waltham, Massachusetts 02451

Kodiak Venture Partners, L.P.
Bay Colony Corporate Center
1000 Winter Street, Suite 3800
Waltham, Massachusetts 02451

Kodiak Venture Partners II-A, L.P.
Bay Colony Corporate Center
1000 Winter Street, Suite 3800
Waltham, Massachusetts 02451

Kodiak Venture Partners II-B, L.P.
Bay Colony Corporate Center
1000 Winter Street, Suite 3800
Waltham, Massachusetts 02451

AMENDED AND RESTATED SECURITY AGREEMENT

THIS AMENDED AND RESTATED SECURITY AGREEMENT dated as of April 2, 2003 ("**Security Agreement**"), is made between Chaoticom, Inc., a Delaware corporation ("**Debtor**"), and Charles River Partnership XI, LP as agent (the "**Agent**") for itself and the other lenders signatory hereto.

Recitals

WHEREAS, Charles River Partnership XI, LP, Charles River Friends XI-A, LP and Charles River Friends XI-B, LP (collectively, the "**Initial Lenders**"), made certain advances of money and extended certain financial accommodations to the Debtor as evidenced by certain Secured Promissory Notes dated February 14, 2003 executed by the Debtor in favor of the Initial Lenders (collectively, the "**Initial Notes**"); and

WHEREAS, pursuant to a Security Agreement dated February 14, 2003 between the Debtor and the Initial Lenders (the "**Original Security Agreement**"), the Initial Lenders were granted a security interest by the Debtor in all of the Debtor's assets to secure the Debtor's obligations under the Initial Notes; and

WHEREAS, Kodiak Venture Partners, L.P., Kodiak Venture Partners II-A, L.P., and Kodiak Venture Partners II-B, L.P., (collectively, the "**Additional Lenders**" and with the Initial Lenders, the "**Secured Parties**"), have agreed to make certain advances of money and to extend certain financial accommodations to the Debtor as evidenced by those certain Secured Promissory Notes dated as of the date hereof executed by the Debtor in favor of the Additional Lenders (collectively, "**Additional Notes**," and with the Initial Notes, the "**Notes**"); and

WHEREAS, the Secured Parties and the Debtor intend that the Debtor's obligations under the Notes be secured by a security interest in all of the Debtor's assets as more particularly described in this Security Agreement; and

WHEREAS, the Secured Parties intend to share equally and ratably in the security interest granted by the Debtor to the Agent pursuant to this Security Agreement; and

WHEREAS, the Additional Lenders are willing to make certain advances of money and to extend certain financial accommodations to the Debtor and the Initial Lenders are willing to share the security interest granted to them by the Debtor pursuant to the Original Security Agreement equally and ratably with the Additional Lenders, but only upon the condition, among others, that the Debtor shall have executed and delivered to the Secured Parties this Security Agreement.

Agreement

Now, **Therefore**, in order to induce Secured Parties to enter into the transactions contemplated by the Additional Notes and this Security Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Debtor and Secured Parties hereby agree as follows:

1. **Defined Terms.** When used in this Security 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):

“Agent” shall have the meaning assigned to such term in the preamble of this Security Agreement.

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

“Event of Default” means (i) any breach by Debtor of any material covenant, term or condition set forth herein including, without limitation, any obligation to pay money hereunder, (ii) any representation or warranty made by the Debtor under this Security Agreement shall have been false or misleading in any material respect when made, and (iii) any “Event of Default” as defined in the Notes.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest, license or other encumbrance including, without limitation, the filing of, or any agreement to give any financing statement under the UCC of any state or similar jurisdiction.

“Loan Documents” shall mean this Security Agreement and the Notes.

“Material Adverse Effect” means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect upon the validity or enforceability of any provision of this Security Agreement or the Notes, (b) is or could reasonably be expected to be material and adverse to the business, assets, liabilities, condition (financial or otherwise), results of operation or business prospects of the Debtor, (c) materially impairs or could reasonably be expected to impair the ability of Debtor to perform its obligations hereunder or under the Notes, (d) impairs or could reasonably be expected to materially impair the value or priority of the Agent’s security interest in any Collateral or (e) materially impairs or could reasonably be expected to materially impair the ability of the Agent to enforce any of its legal remedies pursuant to this Security Agreement or the Notes.

“Maturity Date” shall have the meaning set forth in the Notes.

“Permitted Lien” means: (a) any Liens existing on the date of this Security Agreement and set forth on Schedule A attached hereto; (b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of the Agent’s security interests; and (c) Liens incurred in connection with the extension, renewal or refinancing of the

indebtedness secured by Liens of the type described in clause (a) 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.

“Secured Obligations” means (a) the obligation of Debtor to pay Secured Parties all of the unpaid principal amount of, and accrued interest on (including any and all amounts which would become due but for the operation of the automatic stay pursuant to 11 U.S.C. § 502(b) and § 506(b)), the Notes, (b) the obligation of Debtor to pay any fees, costs and expenses of the Agent under the Note or under Section 10.6 hereof and (c) all other indebtedness, liabilities and obligations of Debtor to Secured Parties, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter incurred or arising under, in respect of or in connection with, the Notes or this Security Agreement or any other note, agreement or instruments executed in connection herewith or between Debtor and Secured Parties (including any and all amounts which would become due but for the operation of the automatic stay pursuant to 11 U.S.C. § 502(b) and § 506(b)).

“State” means the Commonwealth of Massachusetts.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Agent’s security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State, 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, all terms defined in the Uniform Commercial Code as enacted in the State and used herein shall have the same meanings herein as specified therein; provided that the term “instrument” shall have the meaning of such term in Article 9 of such Uniform Commercial Code rather than Article 3.

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, Debtor hereby mortgages, pledges, and hypothecates to the Agent, and hereby grants to the Agent, for the equal and ratable benefit of the Secured Parties, a security interest in all of Debtor’s right, title and interest in, to and under all of the Debtor’s assets, properties and rights including, without limitation, all personal and fixture property of every kind and nature, including, without limitation, all goods, inventory, equipment, instruments, documents, accounts, including health care insurance receivables, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, investment property, financial assets, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles, including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill,

and all licenses, permits, agreements of any kind or nature pursuant to which the Debtor possesses (including, but not limited to the intellectual property listed on Exhibit A hereto), uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Debtor, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics wherever located, whether now owned or hereafter acquired or arising and all accessions to, substitutions and replacements for and rents, profits and products and proceeds thereof (all of which being collectively referred to herein as the "*Collateral*").

3. **Actions to Ensure Attachment, Perfection and Priority.** Further to insure the attachment, perfection and first priority of, and the ability of the Agent to enforce, the Agent's security interest in the Collateral, the Debtor agrees, in each case at the Debtor's own expense, that if the Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper, deposit accounts, securities or investment property, electronic chattel paper, letter of credit rights, commercial tort claims, or any Collateral shall come into possession of a bailee, Debtor shall immediately notify the Agent thereof and take any action reasonably requested by the Agent to insure the attachment, perfection and first priority of, and the ability of the Agent to enforce, the Agent's security interest in any and all of the Collateral.

4. **Representations And Warranties.** The Debtor hereby represents and warrants to the Agent that:

4.1 **Debtor's Legal Status and Locations and Names.** The Debtor's chief executive office is located at the address set forth on the signature page hereto, such office is the only office of the Debtor, and the Debtor has not operated its business at any other location. The Debtor has not conducted its business under any other names. Except for the security interest granted to the Agent under this Security Agreement and Permitted Liens, Debtor 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.

4.2 **Due Organization, Etc.** The Debtor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or the location of its properties requires such qualification.

4.3 **Corporate Power and Authority.** The Debtor has the full corporate power and authority to execute and deliver this Security Agreement and to perform all of the obligations hereunder, and all necessary corporate action has been taken to execute and deliver this Security Agreement.

4.4 **Binding Agreement.** This Security Agreement constitutes the legal, valid, and binding obligations of the Debtor, enforceable against the Debtor in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization or similar laws generally affecting the enforcement of the rights of creditors.

4.5 Non-Contravention. The execution, delivery and performance by the Debtor of this Security Agreement do not (i) violate any provisions of the Debtor's certificate of incorporation, bylaws or any contract, agreement, law, regulation, order, decree or writ to which the Debtor or any of its properties are subject, and (ii) require the consent or approval of any person, entity or authority, including, without limitation, any regulatory authority or governmental body of the United States of America or any state thereof or any political subdivision of any of the foregoing.

4.6 No Liens. 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 Debtor in favor of Secured Parties pursuant to this Security Agreement and except for Permitted Liens.

5. Covenants. Debtor covenants and agrees with the Agent that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

5.1 Disposition of Collateral. Debtor shall not sell, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so.

5.2 Relocation of Business or Collateral. Debtor shall not change or relocate its chief executive office, principal place of business or its records, or allow the relocation of any Collateral from such address(es) provided to the Agent in the Perfection Certificate without thirty (30) days prior written notice to the Agent.

5.3 Covenants Concerning Debtor's Legal Status. The Debtor covenants with the Agent as follows: (a) without providing at least 30 days prior written notice to the Agent, the Debtor will not change its name or organizational identification number if it has one, (b) if the Debtor does not have an organizational identification number and later obtains one, the Debtor shall forthwith notify the Agent of such organizational identification number, and (c) the Debtor will not change its type of organization, jurisdiction of organization or other legal structure.

5.4 Limitation on Liens on Collateral. Other than purchase-money security interests incurred in connection with equipment leases approved by the Agent, Debtor shall not, 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 the Lien granted to the Agent under this Security Agreement and Permitted Liens. The Debtor shall defend the same against all claims and demands of all persons at any time claiming the same or any interests in any of the Collateral adverse to the Agent.

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

5.6 Maintenance of Records and Collateral. Debtor shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral. The Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. The Debtor will continue to operate its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

5.7 Notification Regarding Changes in Intellectual Property. Debtor shall promptly advise the Agent of any subsequent ownership right or interest of the Debtor in or to any copyright, patent, trademark or license for any of the foregoing not specified on Schedule B hereto and shall permit the Agent to amend such Schedule, as necessary, to reflect any addition or deletion to such ownership rights. The Debtor shall register or cause to be registered the intellectual property rights of Debtor requested by the Agent from time to time, and those which are necessary or material to the Debtor's business, whether now owned or hereafter acquired, together with all revisions, additions or modifications thereto.

5.8 Further Assurances; Pledge of Instruments. At any time and from time to time, upon the written request of the Agent, and at the sole expense of the Debtor, the Debtor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Agent may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, facilitating the filing of UCC-1 financing statements in all applicable jurisdictions and this Security Agreement (and any amendment hereto or any separate intellectual property security agreement or similar document, the procurement of collateral access agreements or landlord's waivers, each having such terms as are reasonably acceptable to the Agent) with the United States Copyright Office and/or Patent and Trademark Office, as applicable. The Debtor will permit the Agent, or their designee, at the Debtor's cost and expense, to inspect the Collateral at any reasonable time and wherever located. In addition, the Debtor shall provide the Agent with such reports on the Debtor's accounts, equipment, inventory and other collateral as the Agent may reasonably request.

6. Rights And Remedies Upon Default.

6.1 Occurrence of an Event of Default. If an Event of Default shall have occurred and be continuing, the Agent may, without notice to or demand upon the Debtor, declare this Security Agreement to be in default, and the Agent shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC of the State or of any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Agent may, so far as the Debtor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Agent may in its discretion require the Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Debtor's principal office(s) or at such other locations as the Agent may reasonably designate. Unless the Collateral is perishable or

threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Agent shall give to the Debtor at least ten (10) days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Debtor hereby acknowledges that ten (10) days prior written notice of such sale or sales shall be reasonable notice.

6.2 Waivers. The Debtor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Agent's rights hereunder, including, without limitation, its right following an Event of Default, to take immediate possession of the Collateral and to exercise its rights with respect thereto.

6.3 Distribution of Proceeds. 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 Agent in an amount sufficient to pay in full the reasonable costs and expenses of the Agent in connection with such sale, disposition or other realization, including all reasonable fees, costs, expenses, liabilities and advances incurred or made by the Agent in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements;

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, and after making any payments required by Sections 9-608(a)(1)(c) or 9-615(a)(3) of the UCC, any excess shall be paid to Debtor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

7. Power Of Attorney.

7.1 Appointment and Powers of the Agent. The Debtor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact, with full irrevocable power and authority in the place and stead of the Debtor or in the Agent's own name, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Security Agreement.

7.2 No Duty on the Agent. The powers conferred on the Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act, except for the Agent's

own gross negligence or willful misconduct.

7.3 License. Solely for the purpose of enabling the Agent to exercise rights and remedies under this Security Agreement and at such time as the Agent shall be lawfully entitled to exercise such rights and remedies, the Debtor hereby grants to the Agent, to the extent it has the right to do so, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Debtor), to use, operate under, license, or sublicense any intellectual property now owned or hereafter acquired by the Debtor, and wherever the same may be located, during a continuance of default.

7.4 Authorization to File Financing Statements. The Debtor hereby irrevocably authorizes the Agent at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto in such form and substance as the Agent shall reasonably require. On the termination of this Agreement the Secured Parties agree to file a UCC 3 Statement.

8. Collateral. Protection Expenses; Preservation of Collateral. In its discretion, the Agent may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees. The Debtor agrees to reimburse the Agent on demand for any and all expenditures so made. The Agent shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof relieve the Debtor of any default.

9. The Agent.

9.1 Appointment and Authorization of Agent. Each Secured Party hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Security Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Security Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Secured Party or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Security Agreement or any other Loan Document or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.2 Employees and Agents. The Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to its rights and duties under this Security Agreement and the other Loan Documents. The Agent may utilize the services of such persons as the Agent in its sole discretion may reasonably determine, and all reasonable fees and expenses of any such persons shall be paid by the Debtor.

9.3 No Liability. Neither the Agent nor any of its shareholders, directors, officers or employees nor any other person assisting them in their duties nor any agent or employee thereof, shall be liable for any waiver, consent or approval given or any action taken, or omitted to be taken, in good faith by it or them hereunder or under any of the other Loan Documents, or in connection herewith or therewith, or be responsible for the consequences of any oversight or error of judgment whatsoever, except that the Agent or such other person, as the case may be, may be liable for losses due to its willful misconduct.

9.4 No Representations. The Agent shall not be responsible to the Secured Parties for the execution or validity or enforceability of this Security Agreement, the Notes, any of the other Loan Documents or any instrument at any time constituting, or intended to constitute, collateral security for the Notes, or for the value of any such collateral security or for the validity, enforceability or collectability of any such amounts owing with respect to the Notes, or for any recitals or statements, warranties or representations made herein or in any of the other Loan Documents or in any certificate or instrument hereafter furnished to it by or on behalf of the Debtor, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or in any instrument at any time constituting, or intended to constitute, collateral security for the Notes or to inspect any of the properties, books or records of the Debtor. The Agent shall not be bound to ascertain whether any notice, consent, waiver or request delivered to it by the Debtor or any holder of any of the Notes shall have been duly authorized or is true, accurate and complete. The Agent has not made nor does it now make any representations or warranties, express or implied, nor does it assume any liability to the Secured Parties, with respect to the creditworthiness or financial condition of the Debtor. Each Secured Party acknowledges that it has, independently and without reliance upon the Agent or any other Secured Party, and based upon such information and documents as it has deemed appropriate, made its own credit analysis and decision to enter into this Security Agreement.

9.5 Payments. A payment by the Debtor to the Agent hereunder or any of the other Loan Documents for the account of any Secured Party shall constitute a payment to such Secured Party. The Agent agrees promptly to distribute to each Secured Party such Secured Party's pro rata share of payments received by the Agent for the account of the Secured Party except as otherwise expressly provided herein or in any of the other Loan Documents. In the event that any Secured Party shall receive at any time, whether due to payments, realization on Collateral or otherwise, any amount in excess of such Secured Party's pro rata share, such Secured Party shall (i) notify the Agent thereof and (ii) if requested by the Agent, apply such excess amount to purchase participations in the amounts due the other Secured Parties so that all amounts paid or recovered shall be shared by the Secured Parties in accordance with their respective pro rata share.

9.6 Indemnity. The Secured Parties ratably agree hereby to indemnify and hold harmless the Agent and its affiliates from and against any and all claims, actions and suits (whether groundless or otherwise), losses, damages, costs, expenses (including any expenses for which the Agent or such affiliate has not been reimbursed by the Debtor), and liabilities of every nature and character arising out of or related to this Security Agreement, the Notes, or any of the other Loan Documents or the transactions contemplated or evidenced hereby or thereby, or the Agent's actions taken hereunder or thereunder, except to the extent that any of the same shall be directly caused by the Agent's willful misconduct.

9.7 Duties in the Case of Enforcement. In case of the occurrence of a Default hereunder or the occurrence of the Maturity Date, and whether or not acceleration of the Obligations shall have occurred, the Agent shall, if (a) so requested by the holders of the majority in amount of the outstanding Obligations (the "Majority Lenders") and (b) the Secured Parties have provided to the Agent such additional indemnities and assurances against expenses and liabilities as the Agent may reasonably request, proceed to enforce the provisions of the Loan Documents authorizing the sale or other disposition of all or any part of the Collateral and exercise all or any such other legal and equitable and other rights or remedies as it may have in respect of such Collateral. The Majority Lenders may direct the Agent in writing as to the method and the extent of any such sale or other disposition, the Secured Parties hereby agreeing to indemnify and hold the Agent harmless from all liabilities incurred in respect of all actions taken or omitted in accordance with such directions, provided that the Agent need not comply with any such direction to the extent that the Agent reasonably believes the Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction.

9.8 Resignation. The Agent may resign at any time by giving 20 days prior written notice thereof to the Lenders. Upon any such resignation, the Majority Lenders shall have the right to appoint a successor Agent. Unless a Default or Event of Default shall have occurred and be continuing, such successor Agent shall be reasonably acceptable to the Agent. If no successor Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Secured Parties, appoint a successor Agent, which shall be a financial institution having a rating of not less than A or its equivalent by Standard & Poor's Corporation. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation, the provisions of this Security Agreement and the other related documents shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

9.9 Notices. The Agent will promptly forward to the Secured Parties copies of all material communications given or received by it as Agent and, upon request by any Secured Party, will inform and consult with the Secured Parties as to matters related to the Loan Documents.

10. Miscellaneous.

10.1 No Waiver by Secured Parties, Etc. The Secured Parties shall not be deemed to have waived any of its rights upon or under the Secured Obligations or the Collateral unless such waiver shall be in writing and signed by the Agent and the Secured Parties. No delay or omission on the part of the Agent in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Agent with respect to the Secured Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Agent deems expedient.

10.2 Suretyship Waivers by Debtor. The Debtor waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Secured Obligations and the Collateral, the Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Agent may deem advisable. The Agent shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 7.2 hereof. The

Debtor further waives any and all other suretyship defenses.

10.3 Marshalling. The Agent shall not be required to marshal any present or future collateral security (including but not limited to this Security Agreement and the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Agent's rights under this Security Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Debtor hereby irrevocably waives the benefits of all such laws.

10.4 Termination of this Security Agreement. This Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations,.

10.5 Successor and Assigns. This Security Agreement and all obligations of Debtor hereunder shall be binding upon the successors and assigns of Debtor, and shall, together with the rights and remedies of the Agent and the Secured Parties hereunder, inure to the benefit of the Agent and the Secured Parties, any future holder of any of the indebtedness and their respective successors and assigns, provided, however, the Debtor may not transfer or assign its rights or obligations hereunder without the express written consent of Secured Parties, and the Debtor transfer or assignment without the Secured Parties' written consent shall be null and void. 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 Agent hereunder.

10.6 Expenses. The Debtor shall pay to the Agent on demand, any and all expenses, including, without limitation, reasonable attorney's fees and disbursements, incurred or paid by the Agent in protecting, preserving or enforcing the Agent's rights under or in respect of this Security Agreement, the Secured Obligations or any of the Collateral, up to a maximum of \$25,000

10.7 Governing Law; Consent to Jurisdiction. THIS SECURITY AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. The Debtor agrees that any suit for the enforcement of this Security Agreement may be brought in the courts of the Commonwealth of Massachusetts or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Debtor by mail at the address specified in preamble of this Security Agreement. The Debtor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

10.8 Waiver of Jury Trial. THE DEBTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS SECURITY AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Debtor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Debtor (i) certifies that neither the Secured Parties nor any representative, agent or attorney of the Secured Parties has represented, expressly or otherwise, that the Secured Parties would not, in the event of litigation, seek to enforce the foregoing waivers and (ii) acknowledges that, in entering into the Security Agreement and the Notes, the Secured Parties are relying upon, among other things, the waivers and certifications contained in this Security Agreement.

10.9 Miscellaneous. The headings of each section of this Security Agreement are for convenience only and shall not define or limit the provisions thereof. This Security Agreement and all rights and obligations hereunder shall be binding upon the Debtor and its respective successors and assigns, and shall inure to the benefit of the Secured Parties and their successors and assigns. If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Security Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Debtor acknowledges receipt of a copy of this Security Agreement.

Signature Pages to Follow

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

CHAOTICOM, INC.

By Lucy McQuillen
Printed Name: Lucy McQuillen
Title: President

Debtors Tax
ID: _____

Debtor's State Organizational
No: _____

Debtor's Address:
83 Lafayette Road
Hampton Falls NH
03844

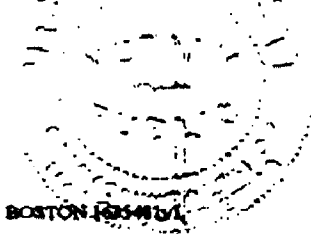
CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH or STATE OF _____)
COUNTY OF Middlesex _____)

) ss.
)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 17th day of April, 2003, personally appeared Lucy McQuillen to me known personally, and who, being by me duly sworn, deposes and says that he is the President of Chaoticom Inc., and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said Lucy McQuillen acknowledged said instrument to be the free act and deed of said corporation.

Marianne Barrett
Notary Public
My commission expires: November 19, 2004



AGENT:

CHARLES RIVER PARTNERSHIP XI, LP

BY: CHARLES RIVER XI GP, LP

ITS GENERAL PARTNER

BY: CHARLES RIVER XI GP, LLC

ITS GENERAL PARTNER

By:  _____

Printed Name: _____

Title: _____

LENDERS:

CHARLES RIVER PARTNERSHIP XI, LP

BY: CHARLES RIVER XI GP, LP

ITS GENERAL PARTNER

BY: CHARLES RIVER XI GP, LLC

ITS GENERAL PARTNER

By:  _____

Printed Name: _____

Title: _____

CHARLES RIVER FRIENDS XI-A, LP

BY: CHARLES RIVER XI GP, LLC

ITS GENERAL PARTNER

By:  _____

Printed Name: _____

Title: _____

CHARLES RIVER FRIENDS XI-B, LP
BY: CHARLES RIVER XI GP, LLC
ITS GENERAL PARTNER

By: _____

Printed Name: _____

Title: _____

KODIAK VENTURE PARTNERS, L.P.
BY: KODIAK VENTURES MANAGEMENT, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: _____

Printed Name: Louis. J. Volpe

Title: Executive Vice President

KODIAK VENTURE PARTNERS II-A, L.P.
BY: KODIAK VENTURES MANAGEMENT II, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: _____

Printed Name: Louis. J. Volpe

Title: Executive Vice President

KODIAK VENTURE PARTNERS II-B, L.P.
BY: KODIAK VENTURES MANAGEMENT II, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: _____

Printed Name: Louis. J. Volpe

Title: Executive Vice President

CHARLES RIVER FRIENDS XI-B, LP
BY: CHARLES RIVER XI GP, LLC
ITS GENERAL PARTNER

By: _____

Printed Name: _____

Title: _____

KODIAK VENTURE PARTNERS, L.P.
BY: KODIAK VENTURES MANAGEMENT, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: *Louis J. Volpe*

Printed Name: Louis J. Volpe

Title: Executive Vice President

KODIAK VENTURE PARTNERS II-A, L.P.
BY: KODIAK VENTURES MANAGEMENT II, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: *Louis J. Volpe*

Printed Name: Louis J. Volpe

Title: Executive Vice President

KODIAK VENTURE PARTNERS II-B, L.P.
BY: KODIAK VENTURES MANAGEMENT II, L.P.
ITS GENERAL PARTNER
BY: KODIAK VENTURES MANAGEMENT
COMPANY, INC., ITS GENERAL PARTNER

By: *Louis J. Volpe*

Printed Name: Louis J. Volpe

Title: Executive Vice President

Schedule A

EXISTING LIENS ON THE DATE OF THIS SECURITY AGREEMENT

Dell Account

\$14,242.28

SCHEDULE A-1

EXHIBIT A

REGISTERED INTELLECTUAL PROPERTY

Intellectual Property

List of trademarks, service marks, trade names, patents, licenses, brands, and any other intellectual property rights owned or used (including pending applications), and all material agreements and correspondence relating thereto.

Title of Patent	Status	Country	Serial/ Patent No.	Filing Date/ Date Issued	Owner	Attorney Docket No.
Method and Apparatus for the Compression and Decompression of Audio Files Using a Chaotic System	Pending	U.S.	09/597,101 (CIP of 09/436,910 and CIP of 09/437,565)	6/20/00	UNH	09815/52761
Method and Apparatus for the Compression and Decompression of Audio Files Using a Chaotic System-PCT	Pending	PCT	PCT/US01/41071	6/20/01	UNH	09815/59013
Method and Apparatus for Secure Digital Chaotic Communication	Issued	U.S.	6,363,153	3/26/02	UNH	09815/51761 (46924)
Method and Apparatus for Secure Digital Chaotic Communication-PCT	Pending	PCT	PCT/US99/26596	2/1/00	UNH	09815/52259
Method and Apparatus for Secure Digital Chaotic Communication	Pending	Canada	PCT/US99/26596	11/9/99	UNH	09815/52259
Method and Apparatus for Secure Digital Chaotic Communication	Pending	Europe (Germany, United Kingdom, Netherlands, Finland, Sweden, France & Italy)	99961634.5	11/9/00	UNH	09815/52259 (51761)
Method and Apparatus for Secure Digital Chaotic Communication	Pending	Japan	2000-581776	5/11/01	UNH	09815/52259 (51716)
Method and Apparatus for the Compression and Decompression of Image Files Using a Chaotic System	Pending	U.S.	09/756,814 (CIP of 09/597,101)	1/9/01	UNH	09815/55092

Title of Patent	Status	Country	Serial/ Patent No.	Filing Date/ Date Issued	Owner	Attorney Docket No.
Method and Apparatus for the Compression and Decompression of Image Files Using a Chaotic System-PCT	Pending	PCT	PCT/US02/00397	1/8/02	UNH	09815/61004
Method and Apparatus for Compressed Chaotic Music Synthesis	Issued	U.S.	6,137,045	10/24/00	UNH	09815/50758
Method and Apparatus for Compressed Chaotic Synthesis-PCT	Pending	PCT	PCT/US00/40670	8/12/00	UNH	09815/53246
Method and Apparatus for Compressed Chaotic Synthesis	Pending	Japan	2001-537043	5/10/02	UNH	09815/53246
Method and Apparatus for Compressed Chaotic Music Synthesis	Pending	Europe	00968988.6	6/28/02	UNH	09815/50758
Method and Apparatus for Chaotic Opportunistic Lossless Compression of Data	Pending	U.S.	10/106,696 (CIP of 09/436,910 Patent No. 6,363,153)	3/26/02	Chaoticom	11986/59947
Method and Apparatus for Remote Digital Key Generation	Pending	U.S.	10/099,812 (CIP of 09/436,910 Patent 6,363,153)	3/18/02	Chaoticom	11986/59946
Title of Trademark	Status	Country	Serial/ Registration No.	Filing Date/ Date Issued	Owner	Attorney Docket No.
Cupolet	Pending	U.S.	78/113634	3/8/02	Chaoticom	11986/59941

Chaoticom has been assigned exclusive rights to patents 6,137,045, 6,363,153, 09/597,101, and 09/756,814 and their foreign equivalents by the University of New Hampshire. (See Exclusive License Agreement between the University of New Hampshire and Chaoticom, Inc.)

A list or inventory of all trade secrets and know-how of the Company or any subsidiary that are owned or used by the Company or any subsidiary.

10.10 Audio / Image / Video Encoding

- Use of waveforms generated by chaotic orbits to represent real world signals
- Data compression using psycho-acoustic companding of audio frequencies
- Use of psycho-acoustic model to prioritize a layered representation of audio signals
- Dynamic scaling of encoded waveforms
- Transformation of basis vectors to match the content's characteristics
- High resolution spectral analysis
- Application of psycho-acoustic models to high resolution spectral analysis
- Waveform representation as combination of frequency peaks and a noise floor
- Estimation of phase to enable accurate temporal localization
- Quantization of proprietary data formats for integer based systems
- Data compression of proprietary data formats
- Predictive representation of spectral parameters
- Transformation of image / video data into non-RGB representations
- 2 dimensional representations of image / video data
- High resolution interpolation of image / video data