



## INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, modified or supplemented from time to time, this "Agreement"), dated as of July 10, 2003, is made by and among Innercool Therapies, Inc., a California corporation (together with its successors and assigns, the "Company"), and KPCB Holdings, Inc. as nominee, in its capacity as representative and collateral agent for and on behalf of the Lenders (in such capacity, the "Collateral Agent").

WHEREAS, the Company and, among others, the Collateral Agent are party to that certain Note and Warrant Purchase Agreement, dated as of July 10, 2003 (as amended, modified or supplemented from time to time, the "Purchase Agreement").

WHEREAS, pursuant to the Purchase Agreement certain lenders (the "Lenders") have or may in the future make loans to the Company, as evidenced by certain senior secured convertible promissory notes (the "Notes") issued pursuant to the Purchase Agreement.

WHEREAS, pursuant to the terms of the Purchase Agreement, the Collateral Agent has been appointed by the Lenders as their representative and collateral agent for the purpose, among other things, of entering into this Agreement for the benefit of the Lenders and holding the security interests created hereby.

WHEREAS, it is a condition precedent to the obligations of Lenders pursuant to the Purchase Agreement that the Company execute and deliver this Agreement for filing by the Collateral Agent with the United States Patent and Trademark Office (the "PTO") and United States Copyright Office (the "Copyright Office") (and any other relevant recording systems in any domestic or foreign jurisdiction) as further evidence of and to effectuate such grant of a security interest in the intellectual property rights of the Company.

Accordingly, the Company and the Collateral Agent hereby agree as follows:

1. Definitions; Interpretation. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them pursuant to the Purchase Agreement.

2. Grant of Security Interest. As a continuing security for the payment and performance of the Obligations (as defined in the Purchase Agreement), the Company hereby grants to the Collateral Agent, for itself and on behalf of and for the ratable benefit of each of the Lenders, a security interest in and to all of the Company's rights, title and interests in, to and under the following property, whether now existing or owned or hereafter acquired, developed or arising (collectively, the "Intellectual Property Collateral"):

(a) all intellectual property rights of any nature or character including, without limitation, and whether domestic or foreign: (A) all patents and patent applications, all licenses in respect to any rights identified in this clause (a)(A) and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement of any of the rights identified in this clause (a)(A), all rights arising from any of the rights identified in this clause (a)(A) and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and

continuations-in-part of any of the foregoing; (B) all copyrights and applications for copyright, together with the underlying works of authorship (including titles), whether or not the underlying works of authorship have been published and whether said copyrights are statutory or arise under the common law, and whether registered or unregistered, and all other rights and works of authorship, all rights, claims and demands in any way relating to any such copyrights or works, including royalties and rights to sue for past, present or future infringement, and all rights of renewal and extension of copyright, and all licenses in respect of any of the rights identified in this clause (a)(B) and all income and royalties with respect to any such licenses; (C) all state (including common law), federal and foreign trademarks, service marks and trade names, and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the rights identified in this clause (a)(C) and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof; (D) all regulatory approvals, consents, permits, licenses and applications in respect of any of the foregoing and all supporting documentation, books and records relating to any of the foregoing; and (E) all trade secrets, trade dress, trade styles, logos, other source or business identifiers, mask-works, mask-work registrations, mask-work applications, software, confidential information, the benefit of confidentiality agreements or non-disclosure agreements, customer lists, license rights (whether or not in respect of any of the rights identified in this clause (a)), advertising materials, operating manuals, methods, processes, know-how, algorithms, formulae, databases, quality control procedures, product, service and technical specifications, operating, production and quality control manuals, sales literature, drawings, specifications, blueprints, descriptions, inventions, name plates and catalogs (the foregoing rights and interests collectively, the "Intellectual Property Rights") and including, without limitation, those Intellectual Property Rights listed, from time to time, on the Exhibits to this Agreement;

(b) the entire goodwill of or associated with the businesses now or hereafter conducted by the Company connected with and symbolized by any of the aforementioned properties and assets;

(c) all general intangibles and all intangible intellectual or other similar property of the Company of any kind or nature and not otherwise described above; and

(d) all products, proceeds and supporting obligations at any time of any and all of the foregoing, including products of products and proceeds of proceeds.

3. Future Rights. If and when the Company shall obtain rights to any new Intellectual Property Rights, or obtain rights or benefits with respect to any reissue, division, continuation, renewal, extension or continuation-in-part of any Intellectual Property Rights, or any improvement of any Intellectual Property Rights, which Intellectual Property Rights if existing at the date hereof would be within the scope of *Section 2*, the provisions of *Section 2* shall automatically apply thereto. The Company shall give to the Collateral Agent prompt notice of the benefit of any registrations or applications the Company may make or obtain to register any Intellectual Property Rights. The Company shall do all things deemed necessary or advisable by the Collateral Agent to ensure the validity, perfection, priority and enforceability of the security interests of the Collateral Agent in such future acquired Intellectual Property Collateral. The

Company hereby authorizes the Collateral Agent, as its attorney in fact (with power of substitution), to modify, amend, or supplement the Exhibits hereto and to reexecute this Agreement from time to time on Company's behalf and as its attorney-in-fact to include any such future Intellectual Property Collateral and to cause such reexecuted Agreement or such modified, amended or supplemented Exhibits to be filed with the PTO or Copyright Office as applicable.

4. Collateral Agent's Duties. Notwithstanding any provision contained in this Agreement, the Collateral Agent shall have no duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Company or any other Person for any failure to do so or delay in doing so. Except for the accounting for moneys actually received by the Collateral Agent hereunder or in connection herewith, the Collateral Agent shall have no duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Intellectual Property Collateral.

5. Collateral Agent's Rights and Remedies. The Collateral Agent shall have all rights and remedies available to it under this Agreement, the Purchase Agreement, each other Transaction Document and applicable law with respect to the security interests in any of the Intellectual Property Collateral. The Company agrees that such rights and remedies include, but are not limited to, the right of the Collateral Agent as a secured party to sell or otherwise dispose of the Intellectual Property Collateral pursuant to the UCC.

6. Termination. Upon the indefeasible payment in full in cash or the conversion in full of the Notes into Note Shares (as defined in the Purchase Agreement) and performance in full of the Obligations under the Notes and the other Transaction Documents (other than Obligations arising, or to be performed, under the Warrants after such termination), the security interests created by this Agreement shall terminate and the Collateral Agent shall promptly execute and deliver to the Company (at Company's expense) such documents and instruments reasonably requested by the Company as shall be necessary to evidence termination of all such security interests given by the Company to the Collateral Agent hereunder, including cancellation of this Agreement by written notice from the Collateral Agent to the PTO and/or the Copyright Office.

7. Purchase Agreement Provisions. The provisions of Sections 3.5, 12.1 through 12.10 and 12.12 of the Purchase Agreement are incorporated herein by reference and shall be applied as if references to the "Collateral" and "Agreement" therein were references to the "Intellectual Property Collateral" and this "Agreement," respectively. The Company acknowledges that the rights and remedies of the Collateral Agent with respect to the security interests in the Intellectual Property Collateral granted hereby are more fully set forth in the Purchase Agreement and that such rights and remedies are cumulative.

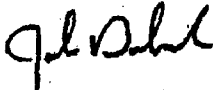
8. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

**BORROWER:**

Innercool Therapies, Inc.

By:   
John Dobak, President

**SECURED PARTY:**

KPCB Holdings, Inc., as nominee  
in its capacity as representative and collateral agent  
for the Lenders

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: 2750 Sand Hill Road  
Menlo Park, CA 94025  
Attn: John A. Denniston  
Chief Operating Officer

SIGNATURE PAGE TO INTELLECTUAL  
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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

**BORROWER:**

Innercool Therapies, Inc.

By: \_\_\_\_\_  
John Dobak, President

**SECURED PARTY:**

KPCB Holdings, Inc., as nominee  
in its capacity as representative and collateral  
agent for the Lenders

By: \_\_\_\_\_  
*Joseph S. Lacob*

Name: Joseph S. Lacob

Title: Senior Vice President

Address: 2750 Sand Hill Road  
Menlo Park, CA 94025  
Attn: John A. Denniston  
Chief Operating Officer

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