

Form PTO-1594
(Rev. 10/02)
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Tab settings

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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)
BinOptics Corporation

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

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

2 Name and address of receiving party(ies)
Name: Cayuga Venture Fund II, LLC
Internal
Address: _____
Street Address: 15 Thornwood Drive
City: Ithaca State NY Zip 14850

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Delaware
 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 _____
 Execution Date: _____

4. Application number(s) or registration number(s)
 A. Trademark Application No (s) _____

 Additional number(s) attached Yes No

B. Trademark Registration No.(s) 2784703 (11/18/03)
 2732958 (7/1/03)

5 Name and address of party to whom correspondence concerning document should be mailed:
 Name: Richard E Honen
 Internal Address: _____

 Street Address: Honen & Wood, P.C.
 126 State Street
 City Albany State NY Zip: 12207

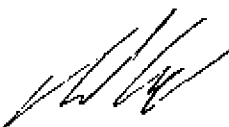
6. Total number of applications and registrations involved

7 Total fee (37 CFR 3.41) \$ 80 00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9 Signature.
 Richard E. Honen _____
 Name of Person Signing

 _____
 Signature

6/10/04 _____
 Date

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

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

CP \$65.00 2784703

Continuation of Part 2:

Draper Fisher Jurvetson Fund VII, L.P. as agent
400 Seaport Court, Suite 250
Redwood City, California 94063

Draper Fisher Jurvetson Fund VII, LLC
400 Seaport Court, Suite 250
Redwood City, California 94063

Draper Associates, L.P.
400 Seaport Court, Suite 250
Redwood City, California 94063

The Board of Trustees of the Leland Stanford Junior University
2770 Sand Hill Road
Menlo Park, California 94025

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is entered into as of this 11th day of May, 2004, by and among BinOptics Corporation, a Delaware corporation ("Debtor" or "Company") and each person or entity listed on Schedule A attached hereto (each, a "Secured Party" and collectively the "Secured Parties").

RECITALS:

A. Debtor has executed certain promissory notes originally dated the date hereof (the "Notes") in favor of the Secured Parties.

B. In order to induce those Secured Parties listed on Schedule A to purchase the Notes, Debtor wishes and has agreed to secure its obligations to each such Secured Party under the Notes (also referred to as the "Loan Agreements"), to enter into this Agreement and to grant such Secured Parties a security interest in the Collateral (defined below).

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby specifically acknowledged, Secured Parties and Debtor agree as follows:

1. Grant of Security Interest. To secure the prompt and complete observance and performance of each covenant, condition or obligation of whatsoever nature to be performed or observed by Debtor under the Loan Agreements, Debtor hereby grants to the Secured Parties collectively, on a pro-rata basis, a security interest in and to the following property, which is hereafter referred to as the "Collateral":

(a) All present and future deposit accounts, accounts, contracts, contract rights, instruments, documents, chattel paper, open accounts receivable, book debts, notes, general intangibles, investment property, patents, patent applications, trademarks, trademark applications, copyrights, trade secrets, choses in action, letters of credit, letter of credit rights, payment intangibles, tax refunds and insurance proceeds and any other obligations or indebtedness owed to Debtor from whatever source arising; all rights of Debtor to receive any payments in money or kind; all guaranties of the foregoing and security therefor; all of the right, title and interest of Debtor in and with respect to the goods, services, or other property that gave rise to or that secure any of the foregoing and insurance policies and proceeds relating thereto, and all rights of Debtor as an unpaid seller of goods and services, including, but not limited to, the rights of stoppage in transit, replevin, reclamation, and resale; and all of the foregoing, whether now owned or existing or hereafter created or acquired;

(b) All inventory, goods, merchandise, and other personal property now owned or hereafter acquired by Debtor that are held for sale or lease or are furnished or to be furnished under any contract of service or are raw materials, work-in-process, supplies or materials used or consumed in Debtor's business wherever located, and all products thereof, and all substitutions, replacements, additions or accessions therefor and thereto;

(c) All machinery, equipment, tools, computers, furniture, automobiles, trucks and other motor vehicles, and fixtures, now owned or hereafter acquired by Debtor, and used or acquired for use in the business of Debtor, together with all accessions thereto and all substitutions and replacements thereof and parts therefor;

(d) All other goods and personal property in which the Debtor has any interest, to the extent of that interest, whether now or hereafter owned or existing, leased, consigned by or to or acquired by Debtor, and wherever located; and

(e) All cash or non-cash proceeds of any of the foregoing, including insurance proceeds.

Notwithstanding the foregoing the term "Collateral" shall not include: (a) any "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, but only to the extent the granting of a security interest in such "intent to use" trademarks would be contrary to applicable law or (b) any contract, instrument, chattel paper or other property in which any Grantor has any right, title or interest if and to the extent the creation of a security interest therein would be prohibited or would cause or result in a default thereunder or breach thereof.

2. Debtor's Representations, Warranties and Covenants. Debtor represents, warrants and covenants as follows:

(a) Debtor is the legal owner of the Collateral free and clear of all liens or encumbrances or other rights and claims of third parties, except for Permitted Liens. "Permitted Lien" means (i) liens imposed by law for taxes that are not yet due or are being contested in good faith; (ii) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like liens imposed by law, arising in the ordinary course of business; (iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations; (iv) cash deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; (v) easements, zoning restrictions, rights of way and similar encumbrances on real property imposed by law or arising in the ordinary course of business; and (vi) liens in existence on the date hereof pursuant to capital equipment leases. Debtor has and will at all times have, except as contemplated hereby, exclusive ownership possession and control of the Collateral.

(b) Debtor's residence (as that term is used in Division 9 of the Uniform Commercial Code) is located at 9 Brown Road, Ithaca, New York, 14850.

(c) Debtor hereby appoints the Secured Parties as its lawful attorney to execute Debtor's name to all further instruments and documents for filing (as described below) that may be necessary or desirable, or that Secured Parties may reasonably request, in order to perfect, protect and maintain the priority of any security interest granted or purported to be granted hereby and to enable the Secured Parties to exercise and, while an Event of Default exists,

enforce its rights and remedies hereunder with respect to the Collateral, and to cause such instruments or documents to be filed in the appropriate offices to protect the Secured Parties' interest in the Collateral.

(d) Debtor shall maintain or cause to be maintained in good repair and condition, excepting ordinary wear and tear, all of the Collateral, and make or cause to be made all appropriate repairs, renewals and replacements thereof, as quickly as practicable after the occurrence of any loss or damage thereto which are necessary or desirable to such end. Debtor shall furnish to the Secured Parties a statement respecting any material loss or damage of greater than five thousand dollars (\$5,000) as a result of a single occurrence to any of the Collateral within ten (10) days of the happening of such an occurrence. Debtor shall provide or cause to be provided with respect to the Collateral such all risk property, liability and other insurance as is customarily maintained with respect to the Collateral, and shall have the Secured Parties designated as an additional loss payee with respect to such Collateral.

(e) Debtor will, upon reasonable advance request from the Secured Parties, permit the Secured Parties to inspect the Collateral at any reasonable time at any premises or facilities of Debtor or elsewhere.

(f) Debtor will not, except in the ordinary course of its business, sell, lease, encumber or otherwise transfer any or all of the Collateral without the prior written consent of the Secured Parties.

(g) The person signing below is authorized to sign this Agreement on behalf of Debtor and to bind Debtor to the terms of this Agreement, and that all corporate action necessary for the execution of this Agreement has been properly taken by Debtor.

3. Events of Default. The following events shall constitute events of default ("Events of Default") hereunder:

(a) Debtor shall fail in any respect to perform or observe any covenant, condition or agreement to be performed or observed by it in the Loan Agreements or hereunder and shall have failed to cure such failure within 10 days after receipt of written notice thereof from a Secured Party; or

(b) Any representation or warranty made by Debtor in the Loan Agreements or hereunder shall prove to be incorrect in any material respect.

4. Remedies. Upon the occurrence of an Event of Default, all amounts owing under the Loan Agreements by Debtor shall immediately become due and payable, and the Secured Parties may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under the Loan Agreements or under applicable law, all the rights and remedies of a secured party under the Uniform Commercial Code. The rights and remedies provided under this Agreement are cumulative and may be exercised singly or concurrently, and are not exclusive of any other rights and remedies provided by law or equity. Debtor agrees that upon an Event of Default and at the Secured Parties' request, it will assemble the Collateral and make it available to the Secured Parties.

5. Further Assurances. Debtor agrees that from time to time it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or reasonably desirable, or that the Secured Parties may reasonably request, in order to perfect, protect and maintain the priority of the security interest granted by this Agreement and to enable the Secured Parties to exercise and enforce their rights and remedies under this Agreement with respect to the Collateral, including but not limited to filing one or more financing statements or such other documents as the Secured Parties may reasonably request and as may be appropriate under the Uniform Commercial Code, the U.S. Copyright Act and such other applicable laws as in effect in any state in which the Collateral is located or in which the Company's principal place of business is located, in order to perfect the Secured Parties' security interest in the Collateral.

6. Termination. The parties hereto acknowledge and agree that this Agreement and all of the rights and obligations hereunder shall terminate upon the earlier to occur of: (a) the repayment by the Company of the principal amounts owed under the Loan Agreements and all interest accrued thereon, or (b) the conversion of the amounts due under the Loan Agreements into shares of the Company's Series B Preferred Stock in connection with the Financing or the Series A Preferred Stock, as the case may be, as more fully set forth in the Loan Agreements.

7. Waivers. Until the obligations of Debtor to the Secured Parties have been paid in full, and except as otherwise provided herein, Debtor hereby waives (a) the right to require the Secured Parties to proceed against any other party or debtor or against any other collateral it may hold; (b) presentment, protest and notice of protest, demand and notice of nonpayment, demand of performance, notice of sale, and advertisement of sale, (c) following a default, any right to the benefit of or to direct the application of any of the Collateral until the obligations of Debtor shall have been paid in full; and (d) any defenses which may arise by reason of, or be based on, lack of diligence in collection.

8. Attorneys' Fees. Debtor agrees to pay the reasonable costs and expenses, including reasonable attorneys' fees, which may be incurred by the Secured Parties in connection with the enforcement or protection of the Secured Parties rights hereunder or under the Loan Agreements, whether or not legal action is instituted or filed.

9. No Waiver. The Secured Parties' acceptance of partial or delinquent payments or failure of the Secured Parties to exercise any right shall not waive any obligation of Debtor or right of the Secured Parties or modify this Agreement, or waive any similar Event of Default, except as contemplated hereby.

10. Assignability. The Secured Parties may assign its rights under this Agreement and in the Collateral to anyone at any time. This Agreement shall be binding on Debtor and its successors and assigns, and shall benefit the Secured Parties and its successors and assigns.

11. Entire Agreement. This Agreement and the other agreements referenced herein and therein contain the entire security agreement between the Secured Parties and Debtor. This Agreement may be modified, amended, superseded or canceled, only by a written instrument executed by Debtor and the Secured Parties.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

13. Notices. Any notice required hereunder shall be in writing and shall be sent to the parties by first class mail or by facsimile at the addresses set forth hereinbelow:

Debtor: BinOptics Corporation
9 Brown Road
Ithaca, NY 14850
Attn: Darius Forghani, President
Facsimile: (607) 257-9753
Tel: (607) 257-9753

with a copy to:
Hale and Dorr, LLP
60 State Street
Boston, MA 02109
Attn: Patrick J. Rondeau, Esq.
Facsimile: (617) 526-5000
Tel: (617) 526-6670

Secured Parties: at the address set forth on the signature page to this Agreement

14. Counterparts. This Agreement may be executed in counterparts, which when taken together shall constitute one document.

15. Severability. If any provision or provisions of this Agreement shall be deemed to be contrary to public policy or shall for any reason be held to be invalid, then such provision or provisions shall be deemed to be separable from the remaining provisions of this Agreement, and shall in no way affect the validity of any of the remaining provisions of this Agreement.

16. Headings. Captions and headings in this Agreement are for convenience only and are not to be deemed part of this Agreement.

IN WITNESS WHEREOF, the Secured Parties and Debtor have executed this Agreement as of the day and year first above written.

DEBTOR

BinOptics Corporation.

By: [Signature]
Name: Darius Forghani
Title: President

SECURED PARTIES

DRAPER FISHER JURVETSON FUND VII, L.P.

By: Draper Fisher Jurvetson Fund VII Partners, L.P.
(a Cayman Islands Limited Partnership)

By: [Signature]
Name: John Fisher
Title: Managing Director

Address: 2882 Sand Hill Road, Suite 150, Menlo Park, CA 94025

DRAPER FISHER JURVETSON PARTNERS VII, LLC

By: [Signature]
Name: John Fisher
Title: Managing Member

Address: 2882 Sand Hill Road, Suite 150, Menlo Park, CA 94025

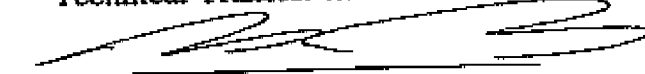
DRAPER ASSOCIATES L.P.


By: [Signature]
Name: Timothy C. Draper
Title: General Partner

Address: 2882 Sand Hill Road, Suite 150, Menlo Park, CA 94025

CAYUGA VENTURE FUND II, LLC

By: AP Management Associates, LLC
By: Technical Transfer Investment Associates, LLC

By: 
Philip Proujansky, Manager

By: 
David Ahlers, Executive Director

Address: 15 Thornwood Drive, Ithaca, NY 14850

THE BOARD OF TRUSTEES OF THE
LELAND STANFORD JUNIOR UNIVERSITY

By: _____
Name: _____
Title: _____

Address: 2770 Sand Hill Road, Menlo Park, CA 94025

CAYUGA VENTURE FUND II, LLC


By: AP Management Associates, LLC
By: Technical Transfer Investment Associates, LLC

By: _____
Philip Proujansky, Manager

By: _____
David Ahlers, Executive Director

Address: 15 Thornwood Drive, Ithaca, NY 14850

**THE BOARD OF TRUSTEES OF THE
LELAND STANFORD JUNIOR UNIVERSITY (SEVF2)**

By: 
Name: Mark Taborovsky for Tyler Edelstein
Title: Managing Director, Separate Investments

Address: 2770 Sand Hill Road, Menlo Park, CA 94025

SCHEDULE A**SECURED PARTIES**

Name

Draper Fisher Jurvetson Fund VII, L.P.

Draper Fisher Jurvetson Partners VII, LLC

Draper Associates, L.P.

Cayuga Venture Fund II, LLC

The Board of Trustees of the Leland Stanford
Junior University