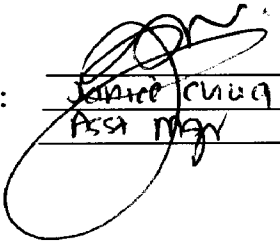


**RELEASE OF SECURITY AGREEMENT COVERING
INTERESTS IN TRADEMARKS**

Silicon Valley Bank ("Secured Party"), hereby releases its security interest in the interests of **Naoopto Corporation** ("Assignor") in the trademarked works set forth in that certain **Intellectual Property And Security Agreement** dated, October 22, 2003 executed by Assignor in favor of Secured Party recorded with the United States Department of Commerce, Patent and Trademark Office on December 15, 2003 Reel 002883, Frame 0805.

Dated: **October 14, 2005**

SILICON VALLEY BANK

By: 
Name: Janice Chung
Title: Assignor

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of October 22, 2003 by and between SILICON VALLEY BANK ("Bank") and NANOOPTO CORPORATION, a Delaware corporation ("Grantor").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "Loans") in the amounts and manner set forth in that certain Loan and Security Agreement dated November 20, 2002 by and between Bank and Grantor, as amended by that certain Loan Modification Agreement dated May __, 2003 by and between Bank and Grantor and that certain Second Loan Modification Agreement dated of even date herewith by and between Bank and Grantor (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein are used as defined in the Loan Agreement). Bank is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

B. Pursuant to the terms of the Loan Agreement, Grantor has granted to Bank a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Loan Agreement, Grantor hereby represents, warrants, covenants and agrees as follows:

AGREEMENT

To secure its obligations under the Loan Agreement, Grantor grants and pledges to Bank a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property Collateral (including without limitation those Copyrights, Patents, and Trademarks listed on Schedules A, B, and C hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions continuations, renewals, extensions and continuations-in-part thereof.

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of

the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

The lien on Grantor's Intellectual Property Collateral established by this agreement will terminate and be of no further force or effect in accordance with the terms and conditions of the Loan Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

GRANTOR:

Address of Grantor:

1600 Cottontail Lane
Somerset New Jersey 08873

NANOOPTO CORPORATION

By: Barry J. Weinbaum
Name: Barry J. Weinbaum
Title: President + CEO

BANK:

Address of Bank:

3003 Tasman Drive
Santa Clara, California 95054

SILICON VALLEY BANK

By: _____
Name:
Title:

EXHIBIT A

Copyrights

NONE

EXHIBIT B

Patents

1. Optical PBS/C, Patent Application No. 10/158,025 filed May 30, 2002.
2. Non-conformal Overcoating, Patent Application 10/158,024 filed May 30, 2002.
3. VOA, Patent Application No. 60/384844 filed May 31, 2002.
4. Optical Signal Processing, Patent Application No. 60/391000 filed June 27, 2002.
5. Wavelength Interleaver, Patent Application No. 60/398128 filed July 25, 2002.
6. Multilayer for Polarizer and Beam Control, Patent Application No. 60,404746 filed August 21, 2002.
7. Optical Enhanced Functionality with SOE Interface, Patent Application No. 60/389512 filed August 21, 2002.
8. Optical Photonic X-tal Filter, Patent Application No. 60,389224 filed October 31, 2002.
9. Wave Locker, Patent Application No. 60/389219 filed October 31, 2002.
10. Precision SOE WP, Patent Application No. 60/399730 filed August 1, 2002.
11. Self-forming Lithography, Provisional Patent Application filed January 30, 2003.
12. Short Wavelength Polarizers and Polarizing Beam Splitters/Combiners, Patent Application No. 60/416,363 filed October 4, 2002.
13. Edge Sealing and Dam, Provisional Patent Application filed May 2002.
14. A Universal Broadband Polarizer or a Universal Broadband Polarizing Beam Splitter or a Universal Broadband Beam Combiner, Provisional Patent Application filed January 31, 2003.
15. Sub-Micron-Scale Patterning Method and System Patent Application filed August 19, 2003.
16. Method and System for Providing Beam Polarization Patent Application filed August 20, 2003.

EXHIBIT C

Trademarks

1. Trademark application to the U.S. Patent and Trademarks Office: "NanoOpto" Serial No. 78/006749. A Notice of Allowance for this mark was issued on September 3, 2002. This application is in the name of Nanonex, and, if obtained, is the subject of an agreement pursuant to which Nanonex has agreed to promptly assign it to the Company. As of September 4, 2003, Nanonex has refused to transfer the trademark, which is one of the subjects of Borrower's lawsuit against Nanonex and its principal founder, Dr. Stephen Chou.
2. Trademark application to the U.S. Patent and Trademarks Office: Design Mark Serial No. 78/097508 for the logo of the Company. A Notice of Allowance for this mark was issued on March 4, 2002.
3. Trademark application to the U.S. Patent and trademarks Office: "Subwave" Serial No. 78/1444406. This application was filed on July 16, 2002