

05-18-2006



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To the Director of the U. S. Patent :

103240323

documents or the new address(es) below

FINANCE SECTION

1. Name of conveying party(ies):

Oatsystems, Inc.
265 Winter Street
Waltham, MA 02451

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

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) May 2, 2006

- Assignment Merger
- Security Agreement Change of Name
- Other _____

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Hercules Technology Growth Capital, Inc.
Address: 525 University Avenue

Street Address: Suite 700

City: Palo Alto

State: CA

Country: USA Zip: 94301

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship Maryland, USA
- Other _____ Citizenship _____

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

Please see attached.

B. Trademark Registration No.(s)

Please see attached.

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

Please see attached.

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

Name: Louis J. DiFronzo, Esq.

Internal Address: Seyfarth Shaw LLP

Two Seaport Lane

Street Address: Suite 300

City: Boston

State: MA Zip: 02210

Phone Number: (617) 946-4870

Fax Number: (617) 790-6786

Email Address: ldifronzo@seyfarth.com

6. Total number of applications and registrations involved:

14

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$365.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Signature

May 15, 2006

Date

Louis J. DiFronzo, Jr.

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 2

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01 FC:8521
02 FC:8522

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450


EXHIBIT D

BORROWER'S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

Pending Trademark Applications

Mark	Country	Serial No.	Filing Date
OAT	China Based on Madrid Protocol	A0000240	11/30/04
OAT	European Community	4151106	12/02/04
OAT	India	1325474	12/13/04
OAT	Korea Based on Madrid Protocol	A0000240	11/30/04
OAT	Norway Based on Madrid Protocol	A0000240	11/30/04
OAT	Singapore Based on Madrid Protocol	T05/01481J	11/30/04
OATSYSTEMS	United States	76/480172	12/20/02

Issued Trademark Registrations

Mark	Country	Regis. No.	Regis. Date
MISCELLANEOUS DESIGN 	United States	3023085	12/06/05
OAT	Australia Based on Madrid Protocol	1038819	07/18/05
OAT	Canada	648884	09/23/05
OAT	Japan Madrid Protocol	839562	09/22/05
OAT	Madrid Protocol Australia China Japan Korea Norway Singapore	839562	11/30/04
OAT	United States	2949049	05/10/05
OAT SYSTEMS stylized OATSystems	European Community	3502051	05/13/05

Licenses

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement"), dated May 2, 2006 (the "Closing Date"), is made and entered into by and between OATSYSTEMS, INC., a Delaware corporation ("Borrower"), with its principal place of business located at 265 Winter Street, Waltham, Massachusetts 02451, and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation ("Lender"), with its principal place of business located at 525 University Avenue, Suite 700, Palo Alto, California 94301. In consideration of the mutual agreements contained herein, the parties hereto agree as follows:

R E C I T A L S:

WHEREAS, Borrower has requested Lender to make available to Borrower a loan facility in an aggregate principal amount of up to SIX MILLION AND 00/100 DOLLARS (\$6,000,000.00) (the "Loan"); and

WHEREAS, Lender is willing to make the Loan on the terms and conditions set forth in this Agreement.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, Borrower and Lender hereby agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1. Unless otherwise defined herein, the following capitalized terms shall have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"Account" means any "account," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include all accounts receivable, book debts, rights to payment, and other forms of obligations now owned or hereafter received or acquired by or belonging or owing to Borrower (including under any trade name, style or division thereof), whether or not arising out of goods or software sold or services rendered by Borrower or from any other transaction (including any such obligation that may be characterized as an account or contract right under the UCC), and all of Borrower's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of Borrower's rights to any goods represented by any of the foregoing (including unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), and all monies due or to become due to Borrower under all purchase orders and contracts for the sale of goods or the performance of services or both by Borrower or in connection with any other transaction (whether or not yet earned by performance on the part of Borrower), now in existence or hereafter occurring, including the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Account Control Agreement(s)" means any agreement entered into by and among the Lender, Borrower and a third party Bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account, Investment Property and which is intended to perfect Lender's security interest in any of the Collateral.

"Advance" means any funds advanced or loaned by Lender to or for the benefit of Borrower, including the initial Loan and each subsequent Loan made by Lender to or for the benefit of Borrower pursuant hereto.

“Advance Date” means the funding date of any Advance.

“Advance Request” means a request for an Advance submitted by Borrower to Lender in substantially the form of Exhibit A.

“Agreement” means this Loan and Security Agreement, as the same may from time to time be amended, modified, supplemented or restated from time to time in accordance with the terms hereof.

“Borrower” has the meaning given to it in the preamble to this Agreement.

“Borrower Products” means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future, including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

“Business Plan” means the 2006 budget provided to the Lender on or about February 8, 2006.

“Cash” means all cash, money, currency, and liquid funds, wherever held, in which Borrower now or hereafter acquires any right, title, or interest.

“Chattel Paper” means any “chattel paper,” as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Closing Date” has the meaning given to it in the preamble to this Agreement.

“Collateral” has the meaning given to it in Section 3.

“Commitment Fee” means the \$25,000 fee paid by Borrower to the Lender on or about March 2, 2006.

“Commitment Termination Date” means the first to occur of (i) September 30, 2006, or (ii) the occurrence of an Event of Default.

“Confidential Information” has the meaning given to it in Section 11.16.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Copyrights” means all of the following property, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (i) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof, or of any

other country; (ii) all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, of any State thereof, or of any other country; (iii) all continuations, renewals or extensions thereof; and (iv) all registrations to be issued under any pending applications.

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Default Rate” has the meaning given to it in Section 2.7.

“Designated Officer” means the Chief Executive Officer of the Borrower, the Chief Financial Officer of the Borrower, or any person designated by any such officer.

“Deposit Accounts” means any “deposit accounts,” as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Documents” means any “documents,” as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Equipment” means any “equipment,” as such term is defined in the UCC, and any and all additions, upgrades, substitutions, and replacements of the foregoing, together with all attachments, components, parts, accessions, and accessories installed thereon or affixed thereto, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Event of Default” has the meaning given to it in Section 9.

“Excluded Agreements” means (i) the Warrant Agreement; (ii) any stock purchase agreement, options, or warrants to acquire, or agreements governing the rights of, any capital stock or other equity security, or any common stock, preferred stock, or equity security issued to or purchased by Lender or its nominee or assignee; (iii) any guaranty of the Secured Obligations executed by any Person other than Borrower; and (iv) any other warrant agreement by and between Lender and Borrower.

“Facility Fee” means (i) Seventy-Five One Hundredths of One Percent (0.75%) of the Initial Advance, which fee is due; and (ii) Seventy-Five One Hundredths of One Percent (0.75%) of each Subsequent Advance, which fee is due to Lender on the date of such Subsequent Advance.

“Financial Statements” has the meaning given to it in Section 7.1.

“Fixtures” means any “fixtures” as such term is defined in the UCC, together with all right, title and interest of Borrower in and to all extensions, improvements, betterments, accessions, renewals, substitutes, and replacements of, and all additions and appurtenances to any of the foregoing property, and all conversions of the security constituted thereby, immediately upon any acquisition or release thereof or any such conversion, as the case may be, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“General Intangibles” means any “general intangibles,” as such term is defined in the UCC, and, in any event, shall include all right, title and interest which Borrower may now or hereafter have in or under any rights to payment; payment intangibles; software; proprietary or confidential information; business records and materials; customer lists; interests in partnerships, joint ventures, business associations, corporations, and limited liability companies; permits; claims in or under insurance policies (including unearned premiums and retrospective premium adjustments); and rights to receive tax refunds and other payments and rights of indemnification now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Goods" means any "goods," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

"Initial Advance" means the Advance made on the Closing Date, which shall be in the principal amount of \$3,000,000.

"Initial Public Offering" means the initial firm commitment underwritten offering of Borrower's common stock pursuant to a registration statement under the Securities Act of 1933 filed with and declared effective by the Securities and Exchange Commission.

"Instruments" means any "instruments," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Intellectual Property" means all Copyrights; Trademarks; Patents; Licenses; Mask Works; Borrower's software, source codes, trade secrets and inventions (whether or not patented or patentable); Borrower's technical information, procedures, processes, designs, knowledge, and know-how; Borrower's data bases, models and drawings; Borrower's websites, world wide web addresses, domain names, URL's, mask works and any other proprietary, intellectual or industrial proprietary rights of any kind or nature that do not compromise or are not protected by the Patents, Trademarks, Copyrights or Licenses; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Interest Only Period" means the period of time from the Closing Date and thereafter up to and including March 31, 2007.

"Interest Only Payment Date" has the meaning given to it in Section 2.2.

"Interest Rate" means, with respect to any Advance, the Prime Rate, plus three percent (3.00%), fixed as of the close of business on the business day preceding the date of such Advance.

"Inventory" means any "inventory," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest, and, in any event, shall include all Goods and personal property that are held by or on behalf of Borrower for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process or materials used or consumed or to be used or consumed in Borrower's business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive possession of Borrower or is held by others for Borrower's account, including all property covered by purchase orders and contracts with suppliers and all Goods billed and held by suppliers and all such property that may be in the possession or custody of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other Persons.

"Investment Property" means any "investment property," as such term is defined in the UCC, and includes any certificated or uncertificated security (including, but not limited to, stock or other interests of any and all subsidiaries and related entities and includes all securities as defined in the United States Securities Laws and Regulations), money market funds, bonds, mutual funds, and U.S. Treasury bills or notes, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Lender" has the meaning given to it in the preamble to this Agreement.

"Letter of Credit Rights" means any "letter of credit rights," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest, including any right to payment or performance under any letter of credit.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and any renewals or extensions thereof.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, or lien of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, except for source code escrows, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

"Loan" has the meaning given to it in the recitals to this Agreement.

"Loan Documents" means this Agreement, the Notes, Account Control Agreements, all UCC Financing Statements, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated; provided, that the term "Loan Documents" shall not include any of the Excluded Agreements.

"Mask Works" means mask works or similar rights available for the protection of semiconductor chips.

"Material Adverse Effect" means a material adverse effect upon: (i) the business, operations, properties, assets or condition (financial or otherwise) of Borrower; or (ii) the ability of Borrower to perform the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Lender to enforce any of its rights or remedies with respect to the Secured Obligations or under the Loan Documents; or (iii) the Collateral or Lender's Liens on the Collateral or the priority of such Liens.

"Maturity Date" means September 1, 2009.

"Maximum Loan Amount" means Six Million and 00/100 Dollars (\$6,000,000.00).

"Maximum Rate" shall have the meaning assigned to such term in Section 2.5.

"Merger" means any (i) reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower or any Subsidiary, (ii) sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower or any Subsidiary in which the holders of Borrower or Subsidiary's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing at least fifty-one percent (51%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower or Subsidiary is the surviving entity, (iii) if, in connection with a transaction described in (i) above, such valuation (determined by multiplying the per share price of securities sold or issued in such transaction by the fully diluted capitalization after such transaction) of the Borrower is less than \$15,000,000.00 and the total new capital raised in such transaction is less than \$3,000,000.00, (iv) sale, lease, license or transfer of all or substantially all of the assets of Borrower or any Subsidiary, or (v) acquisition by Borrower or any Subsidiary of all or substantially all of the capital stock or asset of another Person; provided however, that in all cases a Subsidiary may merge into, or sell, lease, license, or transfer its assets to Borrower, or any Subsidiary of Borrower without constituting a "Merger."

"Next Financing Event" means Borrower's next round of private equity financing which first occurs after the Closing Date.

"Notes" means the Promissory Notes prepared by Lender in substantially the form of Exhibit B, which are executed and delivered by Borrower to the order of Lender to evidence the Advances, as the same may be amended, restated, modified or supplemented from time to time.

"Patent License" means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

"Patents" means all of the following property, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) all letters patent of, or rights corresponding thereto, in the United States or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States or any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, continuations, continuations-in-part or extensions thereof; (c) all petty patents, divisionals, and patents of addition; and (d) all patents to be issued under any such applications.

"Payment Date" has the meaning given to it in Section 2.2.

"Permitted Indebtedness" means: (a) Indebtedness of Borrower in favor of Lender arising under this Agreement or any other Loan Document; (b) Indebtedness existing on the Closing Date and disclosed in Schedule 1A; (c) Indebtedness not to exceed \$1,500,000.00 in the aggregate principal amount at any time outstanding secured by a lien described in clause (v) of the defined term "Permitted Liens," provided such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness; (d) Indebtedness to trade creditors incurred in the ordinary course of business, including Indebtedness incurred in the ordinary course of business with corporate credit cards; (e) Indebtedness that also constitutes a Permitted Investment; (f) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be, (g) reimbursement obligations in respect of letters of credit issued in favor of landlords not to exceed \$300,000; and (h) Indebtedness owed by a Subsidiary to the Borrower and Indebtedness of the Borrower to any Subsidiary of Borrower.

"Permitted Investment" means: (a) investments existing on the Closing Date disclosed in Schedule 1B; (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) certificates of deposit issued by any bank with assets of at least \$500,000,000 maturing no more than one year from the date of investment therein, and (iv) money market accounts; (c) repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities (i) in an aggregate amount not to exceed \$100,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases, or (ii) in any amount where the consideration for the repurchase is the cancellation of indebtedness owed by such former employees, directors, or consultants, to Borrower regardless of whether an Event of Default exists; (d) investments accepted in connection with Permitted Transfers; (e) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business; (f) investments consisting of notes receivable of, or prepaid royalties and other

credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subparagraph (f) shall not apply to investments of Borrower in any Subsidiary, or of any Subsidiary in Borrower; (g) additional investments which do not exceed \$100,000 in the aggregate at any one time outstanding; (h) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed \$100,000 in the aggregate in any fiscal year; and (i) investments by the Borrower in any Subsidiary or by a Subsidiary in the Borrower;

"Permitted Liens" means any and all of the following: (i) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that such Liens do not have priority over any of Lender's Liens (other than those having priority as a matter of law) and Borrower maintains adequate reserves therefor in accordance with GAAP; (ii) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower's business and imposed without action of such parties; provided, that the payment thereof is not over ninety (90) days past due; (iii) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder; (iv) the following deposits, to the extent made in the ordinary course of business: deposits under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than liens arising under ERISA or environmental liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds; (v) purchase money liens not exceeding an aggregate of \$1,500,000.00 at any time outstanding on Equipment which has been acquired or held by Borrower and such Liens are incurred for financing the acquisition of the Equipment, if, the liens are confined to the Equipment and proceeds of the Equipment; (vi) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (i) through (iv) 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 (as may have been reduced by any payment thereon) does not increase; (vii) leases or subleases and non-exclusive licenses, sublicenses, assignments and similar arrangements granted in good faith and in a manner that the board of directors reasonably believes is in or is not opposed to best interest of Borrower; (viii) security deposits held by Borrower's landlords in the ordinary course of business; and (ix) Liens on cash deposits held by issuers of letters of credit for benefit of Borrower's landlords, and (x) Liens on the Excluded Equipment (as defined in Section 3.1(b)).

"Permitted Transfers" shall have the meaning given to it in Section 7.9.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

"Preferred Stock" means at any given time any equity security issued by Borrower that has any rights, preferences or privileges senior to Borrower's common stock.

"Prime Rate" means the Prime Rate published from time to time in The Wall Street Journal in its general guide to money rates as the base rate on corporate loans at large United States money center commercial banks (or if said Prime Rate is reported as a range of rates, the highest of such rates). In the event that The Wall Street Journal ceases publication or fails to publish such rates, the Prime Rate shall mean and refer to the prime rate of the Bank of America or its successor, as announced from time to time by the Bank of America or its successor.

"Proceeds" means "proceeds," as such term is defined in the UCC and, in any event, shall include (a) any and all Accounts, Chattel Paper, Instruments, Cash, proceeds of letters of credit, Letter of Credit Rights, Supporting Obligations, or other proceeds payable to Borrower from time to time in respect of the Collateral, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any of the Collateral, (c) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (d) the proceeds, damages, or recovery based on any claim of Borrower against third parties (i) for past, present or future infringement of any Copyright, Copyright License, Patent or Patent License or (ii) for past, present or future infringement or dilution of any Trademark or Trademark License or for injury to the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License, and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Receivables" means (i) all of Borrower's Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

"Secured Obligations" means Borrower's obligation to repay to Lender the Loan and all Advances (whether or not evidenced by any Note), together with all principal, interest, fees, costs, professional fees and expenses, or other liabilities or obligations for monetary amounts owed by Borrower to Lender however arising, including the indemnity and insurance obligations in Section 6 and including such amounts as may accrue or be incurred before or after default or workout or the commencement of any liquidation, dissolution, bankruptcy, receivership or reorganization by or against Borrower, whether due or to become due, matured or unmatured, liquidated or unliquidated, contingent or non-contingent, and all covenants and duties of any kind or nature, present or future, in each case, arising under this Agreement, the Notes, or any of the other Loan Documents, as the same may from time to time be amended, modified, supplemented or restated, whether or not such obligations are partially or fully secured by the value of Collateral. For the avoidance of doubt, "Secured Obligations" excludes any obligations arising under the Excluded Contracts.

"Securities Intermediary" means any "securities intermediary" as such term is defined in the UCC.

"Series B Financing" means issuance of Borrower's Series B Preferred Stock on or about April 13, 2006.

"Subsequent Advance" means each Advance made after the Closing Date.

"Subsidiary" means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, which Borrower owns or controls at least 50% of the outstanding voting securities, including each entity listed on Schedule 5.3 attached hereto.

"Supporting Obligations" means any "supporting obligations," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademarks" means all of the following property, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) all trademarks (registered, common law or otherwise), tradenames, corporate names, business names, trade styles,

service marks, logos, other source or business identifiers (and all goodwill associated therewith), prints and labels on which any of the foregoing have appeared or appear, and designs of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions. Unless otherwise defined herein or in the other Loan Documents, terms that are defined in the UCC and used herein or in the other Loan Documents shall, unless the context indicates otherwise, have the meanings given to them in the UCC.

“USPTO” means the United States of America Patent and Trademark Office.

“Warrant Agreement” means the warrant agreement entered into in connection with the Loan, pursuant to which Borrower grants Lender the right to purchase shares of Borrower's Series B Preferred stock, as more particularly set forth therein.

1.2. Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a “Section,” “subsection,” “Exhibit,” “Annex,” or “Schedule” shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole, including all Exhibits, Annexes and Schedules, and not to any particular Section, subsection or other subdivision.

1.3. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation,” the word “or” is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by this Agreement and the Loan Documents) or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied.

SECTION 2. THE LOAN

2.1. From the Closing Date through the Commitment Termination Date, Lender agrees to make Advances to Borrower in an aggregate amount not to exceed the Maximum Loan Amount, for the purposes and upon the terms and subject to the conditions contained in this Agreement, the Notes, and the other Loan Documents. Notwithstanding anything to the contrary in this Agreement or the Loan Documents, Lender's obligation to fund the Loan and make advances shall automatically expire on the Commitment Termination Date.

2.2. The Loan shall be available in minimum Advances of One Million and 00/100 Dollars (\$1,000,000.00), and shall be drawn at any time prior to the Commitment Termination Date; provided,

however, that the initial Advance, in the minimum amount of Three Million and 00/100 Dollars (\$3,000,000.00), shall be made at the Closing Date. Borrower promises to execute and deliver to Lender a Note in the original principal amount of each Advance. The principal balance of each Advance shall bear interest thereon from the Advance Date, computed at the Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days in each month. On the first day of each month during the Interest Only Period (each such date, an "Interest Only Payment Date"), Borrower shall make a payment to Lender of any and all interest that has accrued on the then outstanding principal balance of the Loan. Following the Interest Only Period, the principal amount of each Advance, and all interest accrued thereon, shall be due and payable in thirty (30) equal monthly installments of principal, plus interest as provided below, the first of which shall be due and payable on April 1, 2007, followed by twenty-nine (29) equal monthly installments of principal plus accrued interest, on the first day of each succeeding month (each such date, a "Payment Date"), with a final installment of principal and all accrued and unpaid interest due and payable on the Maturity Date. Payments of principal on each Payment Date shall be accompanied by a payment of accrued interest on the then outstanding principal balance of the Loan.

If any payment for an Advance shall be payable on a day other than a business day, then such payment shall be due and payable on the next succeeding business day. Each Advance shall be repaid in full, together with all interest accrued thereon, not later than the Maturity Date, whether or not the Advance is evidenced by a Note. Amounts repaid on any Loan shall not be reborrowed. All of the Advances, the Loan, and other Secured Obligations arising under this Agreement, the other Loan Documents or otherwise shall constitute one general obligation of Borrower secured by all of the Collateral, and shall be due and payable not later than the Maturity Date. The Borrower agrees to make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense.

2.3. (a) In order to obtain an Advance, Borrower shall complete, sign and deliver an Advance Request to Lender. Each Advance Request shall identify an Advance Date that is at least three (3) business days after the date such Advance Request is received by Lender. Upon receipt of an Advance Request, Lender shall have the right to review whether, in Lender's reasonable opinion, each of the conditions precedent to such Advance has been or will be satisfied as of the requested Advance Date, and if Lender determines such conditions precedent have been or will be satisfied, Lender shall deliver to Borrower for signature a Note dated as of the Advance Date to evidence such Advance. Upon receipt by Lender of such Note duly executed and delivered by Borrower, Lender shall fund the Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Advance is satisfied as of the requested Advance Date. All the terms, conditions, and covenants of this Agreement shall apply to all Advances whether or not each Advance is evidenced by a Note. Borrower agrees that Lender may rely on any notice or Advance Request given by any Person it reasonably believes to be an authorized representative of Borrower without the necessity of independent investigation.

(b) At least ten (10) days prior to the first Advance Date after the Initial Advance, Borrower shall also provide Lender with Borrower's revised 2006 and 2007 forecast and financial projections accompanied by a certificate signed by Borrower's Chief Executive Officer stating that such financial projections present fairly Borrower's financial forecast of its business as of the date of such certificate. Borrower hereby acknowledges and agrees that Lender's receipt and review of the Borrower's revised 2006 and 2007 forecast and financial projections and the accompanying certificate as set forth in the preceding sentence and Lender's receipt and review of the other documentation set forth in Section 2.3(a) hereof are conditions that Borrower must satisfy to obtain Subsequent Advances.

2.4. Borrower shall have the option at any time, upon at least three (3) business days prior written notice, to prepay the Notes or Advances, in whole or in part, by paying the relevant principal amount together with all interest, and any fees and expenses accrued and unpaid as of the date of such prepayment.

2.5. Notwithstanding any provision in this Agreement, the Notes, or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of principal outstanding on the Notes; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.6. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.2 or Section 2.7, as applicable.

2.7. In the event any payment is not paid on the scheduled Interest Only Payment Date or Payment Date, an amount equal to two percent (2%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.2 plus five percent (5%) per annum ("Default Rate").

SECTION 3. SECURITY INTEREST

3.1. As security for the prompt, complete and indefeasible payment when due (whether on the Interest Only Payment Dates, Payment Dates or otherwise) of all the Secured Obligations and in order to induce Lender to make the Loan upon the terms and subject to the conditions of this Agreement, the Notes, and the other Loan Documents, Borrower hereby grants to Lender a security interest in and Lien upon all of Borrower's right, title and interest in, to and under each of the following, whether now owned or hereafter acquired and wherever located (collectively, the "Collateral") subject only to Permitted Liens:

- (a) All Receivables;
- (b) All Equipment, except for those certain items of Equipment and the proceeds thereof, in which Silicon Valley Bank, a California chartered bank ("Silicon") has previously perfected a purchase-money security interest, as set forth on Schedule 3.1 attached hereto and incorporated herein by reference (hereinafter, the "Excluded Equipment");
- (c) All Fixtures;
- (d) All General Intangibles;
- (e) All Intellectual Property, excluding Licenses which contain a prohibition on granting liens on Borrower's rights under such Licenses;
- (f) All Inventory;
- (g) All Investment Property (including the stock of all domestic Subsidiaries and up to 66% of stock of each foreign Subsidiary and affiliate);
- (h) All Deposit Accounts;
- (i) All Cash;

- (j) All Goods and other tangible and intangible personal property of Borrower, whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; and
- (k) To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2 Except for the granting of non-exclusive licenses or sublicenses by Borrower in the ordinary course of business, and except as required under this Agreement, Borrower has not, and shall not, sell, transfer, assign, mortgage, pledge, lease, grant a security interest in, or encumber any of Borrower's Intellectual Property.

3.3 Borrower has not, and shall not, enter into a negative pledge agreement, or similar agreement, affecting the right of the Intellectual Property, except Licenses, with any other party.

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligations of Lender to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1. The Advance Date for any installment shall occur on or before the Commitment Termination Date. No Advance Requests shall be accepted after the third day preceding the Commitment Termination Date.

4.2. Borrower, on or prior to the Closing Date, shall have delivered to Lender the following:

(a) executed originals of this Agreement, Warrant Agreement, a Note, the other Loan Documents, Account Control Agreement(s), if applicable, a legal opinion of Borrower's counsel, and all other documents and instruments reasonably required by Lender to effectuate the transactions contemplated hereby or to create and perfect the Liens of Lender with respect to all Collateral, in all cases in form and substance reasonably acceptable to Lender;

(b) certified copy of resolutions of Borrower's board of directors and/or shareholders, as applicable, evidencing approval of (i) the Loans and other transactions evidenced by the Loan Documents; and (ii) the Warrant Agreement and transactions evidenced thereby;

(c) certified copies of the Certificate of Incorporation and the By-Laws, as amended through the Closing Date, of Borrower;

(d) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;

(e) payment of the Facility Fee due at Closing, and reimbursement of Lender's current expenses reimbursable pursuant to Section 11.15, which amounts may be deducted from the initial Advance; and

(f) such other documents as Lender may reasonably request.

4.3. On each Advance Date:

(a) Lender shall have received (i) an Advance Request for the relevant Advance as required by Section 2.3, duly executed by Borrower's Chief Executive Officer or another Designated Officer, (ii) the duly executed Note evidencing such Advance, and (iii) any other documents Lender may reasonably request.

(b) Lender shall have received the Facility Fee due on the date of each Subsequent Advance

(c) The representations and warranties set forth in this Section 4 and in Section 5 and in the Warrant Agreement shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, and except for changes permitted hereunder or thereunder.

(d) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance no Event of Default shall have occurred and be continuing.

(e) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraphs (c) and (d) of this Section 4.3, in Sections 4.4 and 4.5, and as to the matters set forth in the Advance Request.

(f) As of the Closing Date and each Advance Date, Borrower shall have taken or caused to be taken such actions requested by Lender to grant Lender a first priority (and when the requisite financing statements are properly filed) perfected Lien in the Collateral, subject only to Permitted Liens. Such actions shall include the delivery to Lender of all assignments, notices, and control agreements, executed by Borrower, as to the Collateral granted by Borrower for all jurisdictions as may be necessary or desirable to perfect or obtain the priority of Lender's Lien in such Collateral.

4.4. As of the Closing Date and each Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under this Agreement or any of the Loan Documents.

4.5. As of the Closing Date and each Advance Date, no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents, warrants and agrees that:

5.1. Borrower owns all right, title and interest in and to the Collateral, free of all Liens whatsoever, except for Permitted Liens.

5.2. Borrower has the full power and authority to grant and convey to Lender a Lien in the Collateral as security for the Secured Obligations, free of all other Liens other than Permitted Liens, and shall execute such notices, collateral assignments, and Control Agreements, in connection herewith as Lender may reasonably request to perfect and obtain the most senior Lien on the Collateral. Except for Permitted Liens, no other Lien has been created by Borrower or is known by Borrower to exist with respect to any Collateral.

5.3. Borrower is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware and presently is in good standing as a corporation in the Commonwealth of Massachusetts, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Attached as Schedule 5.3 hereto is a true, correct and complete list of each Subsidiary, identifying, among other things, (a) the jurisdictions in which such Subsidiary is organized or qualified, and (b) the record and beneficial owners of the capital stock of such Subsidiary, and (c) outstanding options, warrants and other rights exercisable or convertible into capital stock of such Subsidiary and all information set forth on Schedule 5.3 is true, correct and complete in all material respects.

5.4. Borrower's execution, delivery and performance of the Notes, this Agreement and all other Loan Documents, and Borrower's execution of any Warrant Agreement then in effect, (i) have been duly authorized by all necessary corporate action of Borrower, and (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents. The individual or individuals executing the Loan Documents and the Warrant Agreement are duly authorized to do so, and the Loan Documents and the Warrant Agreement constitute legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization or other similar laws generally affecting the enforcement of the rights of creditors.

5.5. The Loan Documents and the Warrant Agreement do not violate any provisions of Borrower's Certificate of Incorporation, By-Laws or any material contract, agreement, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject.

5.6. The execution, delivery and performance of the Loan Documents and the Warrant Agreement by the Borrower do not require the consent or approval of any other Person, except for the consents obtained prior to the Closing Date, including any regulatory authority or governmental body of the United States or any State thereof or any political subdivision of the United States or any State thereof.

5.7. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing, and Borrower is not aware of any event likely to occur that could reasonably be expected to result in a Material Adverse Effect.

5.8.

(a) There are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending, or to Borrower's knowledge, threatened against Borrower or any business, property or rights of Borrower (i) which involve any Loan Document, or (ii) which could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(b) Borrower is not in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default could result in a Material Adverse Effect.

5.9. Borrower is not in default in any manner under any provision of any indenture or other agreement, contract or instrument evidencing indebtedness, or any other material agreement, contract or instrument to which it is a party or by which it or any of its properties or assets are bound and for which such default could result in a Material Adverse Effect.

5.10. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are, or will be made, not misleading, it being recognized by Lender that any projections or forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered may differ from the projected or forecasted results.

5.11. Borrower has filed and will file all federal, state and local tax returns (or extensions thereof) that it is required to file. Subject to Section 7.11, Borrower has duly paid or fully reserved amounts for all taxes or installments thereof (including any interest or penalties) as and when due, which have or may become due pursuant to such returns, except for any failure that would not reasonably be expected to cause a Material Adverse Effect. Borrower has paid or fully reserved amounts for any tax

assessment received by Borrower for the three (3) years preceding the Closing Date, if any (including any taxes being contested in good faith and by appropriate proceedings).

5.12. Borrower's present name, former names (if any), current locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit C.

5.13. Borrower is the sole owner of the Intellectual Property, except for licenses granted by Borrower to its customers in the ordinary course of business. Each of the Copyrights, Trademarks and Patents is valid and enforceable, and, to Borrower's knowledge, no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and, to Borrower's knowledge, no claim has been made to Borrower that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to cause a Material Adverse Effect. Exhibit D is a true, correct and complete list, as of the date hereof, of each of Patents, Trademarks, Copyrights, and material agreements under which Borrower licenses Intellectual Property (other than shrink-wrap software licenses and other licenses which if terminated could not reasonably be expected to result in a Material Adverse Effect), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary, which list specifically indicates which contracts, licenses or agreements represent or include outbound licenses of Borrower Products in source code format. Subsequent to the Closing Date, as of each Advance Date or as otherwise required under this Agreement, Borrower shall update Exhibit D, listing all of the items required in Exhibit D above, except for licenses entered into by Borrower within the ordinary course of business. Borrower is not in material breach of, nor has Borrower failed to perform under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in breach thereof or has failed to perform thereunder in any case which is likely, as of the date hereof, to cause a Material Adverse Effect.

5.14. Borrower has not knowingly misrepresented, or knowingly failed to disclose, any facts or circumstances in any application for any Intellectual Property that would constitute fraud or a misrepresentation with respect to such application or that would otherwise affect the validity or enforceability of any Intellectual Property.

5.15. Borrower has not received any written notice or claim, or, to the knowledge of Borrower, oral notice or claim, challenging or questioning Borrower's ownership in any Intellectual Property (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof), or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to Borrower's knowledge, is there a reasonable basis for any such claim. To the best of Borrower's knowledge, as of the date hereof, neither Borrower's use of its Intellectual Property nor the production and sale of Borrower Products infringes the intellectual property or other rights of others.

5.16. All Intellectual Property embodied in Borrower Products (other than Intellectual Property consisting of or resulting from inbound Licenses or open-source technology) was created solely by either: (i) employees of Borrower acting within the scope of their employment (all of whom have assigned all rights, title and interest in and to such Intellectual Property to Borrower); or (ii) by third parties who have assigned, or agreed to assign, all right, title and interest in and to such Intellectual Property to Borrower.

5.17. Borrower's Intellectual Property constitutes all rights used in or necessary in the operation or conduct of Borrower's business as currently conducted by Borrower, including the design, development, promotion, sale, license, manufacture, import, export, use or distribution of any and all Borrower Products. Without limiting the generality of the foregoing, Borrower has the right to freely transfer, license or assign Intellectual Property (other than Intellectual Property consisting of or resulting from inbound Licenses) without condition, restriction or payment of any kind to any third party, and Borrower has the right to use, pursuant to valid licenses, all software development tools, library functions,

compilers and all other third-party software and other items that are used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products. As of the date hereof, no person who has licensed any intellectual property to Borrower has such rights to any improvements made by Borrower, with respect to such Intellectual Property, that would restrict Borrower's right to use such improvements in such manner as Borrower currently uses or intends to use them, which could reasonably be expected to cause a Material Adverse Effect.

5.18. As of the date hereof, Borrower has not received any written notice or claim, or oral notice or claim, from any third party claiming that the operation of the business of Borrower as currently conducted or proposed to be conducted, or that any Borrower Product, infringes, misappropriates, violates, dilutes or constitutes the unauthorized use of any valid or enforceable right of any third party, including any Intellectual Property of any third party, nor, to Borrower's knowledge, is there a reasonable basis for any such claim of infringement or any claim that Borrower is not the owner of its Intellectual Property free and clear of all Liens except Permitted Liens. As of the date hereof, Borrower has no knowledge that any third party is infringing, misappropriating, diluting or violating any Intellectual Property and no such claims have been brought against any third party by Borrower.

5.19. As of the date hereof, no Intellectual Property or Borrower Product has been or is subject to any actual or, to Borrower's knowledge, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that materially restricts Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. As of the date hereof, there is no decree, order, judgment, agreement, stipulation, arbitral award or other provision which obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products, other than licenses to customers in the ordinary course of business. There is no outstanding or threatened, dispute or disagreement of which Borrower is aware with respect to any contract, license or agreement between Borrower and any third party related to the Intellectual Property, which could reasonably be expected to cause a Material Adverse Effect.

5.20. To the extent that Borrower determines it is desirable to do so in the exercise of its reasonable business judgment, Borrower has taken all steps that are reasonably required to protect: (i) Borrower's rights in all Intellectual Property; and (ii) all similar rights in the intellectual property of others as to which Borrower has an obligation or duty to protect. Without limiting the generality of the foregoing, to the extent that Borrower determines it is desirable to do so in the exercise of its reasonable business judgment, Borrower has, and takes all reasonable measures to enforce, a policy requiring each employee, consultant and independent contractor to execute written proprietary information, confidentiality and assignment of invention and copyright agreements, that: (A) assign to Borrower all right, title and interest in and to any Intellectual Property relating to Borrower's business that are developed by the employee, consultant or contractor, as applicable, in the course of his, her or its activities for Borrower or are developed during working hours or using the resources of Borrower; (B) contain provisions designed to prevent unauthorized disclosure of Borrower's confidential information; and (C) otherwise reasonably protect Borrower's Intellectual Property. All current and former employees, consultants and independent contractors have executed and delivered such agreements to Borrower and, to the knowledge of Borrower, no party thereto has breached or violated the terms thereof or has attempted or threatened to challenge the enforceability, scope or applicability of any such agreement to its signatories, which could reasonably be expected to cause a Material Adverse Effect. There has been no disclosure by Borrower of any material confidential information of Borrower without: (x) designating such information as confidential; and (y) taking commercially reasonable steps to ensure that such confidential information is subject to the confidentiality undertakings set forth in the applicable non-disclosure agreement.

5.21. Exhibit E is a true, correct and complete list, as of the date hereof, of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.22. As of the date hereof, Borrower has no outstanding loans to any employee, officer or director of the Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of the Borrower by a third party.

5.23. Borrower's capitalization, as of the date hereof, is set forth on Schedule 5.23 annexed hereto. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1. So long as there are any Secured Obligations outstanding, Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.4. Borrower must maintain a minimum of Two Million and 00/100 Dollars (\$2,000,000.00) of commercial general liability insurance for each occurrence. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, including the perils of fire and windstorm and water damage, in an amount not less than the full replacement cost of the Collateral. Within 30 days after the Closing, Borrower shall obtain, carry and maintain a fidelity insurance policy in an amount not less than \$500,000.00.

6.2. Borrower shall deliver to Lender certificates of insurance, which evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Lender is an additional insured for commercial general liability, an additional insured and a loss payee for all risk property damage insurance, a loss payee for fidelity insurance, and a loss payee and additional insured for any future insurance of a similar nature that Borrower may acquire. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance and fidelity.

6.3. The certificates of insurance will state that the coverage evidenced is primary and non-contributory to any insurance or self-insurance of Lender, and will further state that a waiver of subrogation in favor of Lender has been agreed to. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Lender of cancellation or any other change adverse to Lender's interests. Any failure of Lender to scrutinize such insurance certificates for compliance is not a waiver of any of Lender's rights, all of which are reserved.

6.4. Borrower shall and does hereby indemnify and hold Lender, its officers, directors, employees, agents, attorneys, representatives and shareholders harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal), that may be instituted or asserted against or incurred by Lender or any such Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the

disposition or utilization of the Collateral (subject to the requirements of the UCC) excluding in all cases claims resulting solely from Lender's gross negligence, willful misconduct, or breach of the Agreement as determined by a court of competent jurisdiction after all appeals have been exhausted.

SECTION 7. COVENANTS OF BORROWER

Borrower covenants and agrees as follows at all times while any of the Secured Obligations remain outstanding:

7.1. Borrower shall furnish to Lender the Compliance Certificate monthly (in the form attached as Exhibit F) within thirty (30) days after the end of such month and the financial statements listed hereinafter, each prepared in accordance with GAAP (except for the absence of footnotes and subject to normal year-end adjustments) (the "Financial Statements"):

(a) as soon as practicable (and in any event within thirty (30) days) after the end of each month, unaudited interim financial statements as of the end of such month (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of Borrower;

(b) as soon as practicable (and in any event within forty-five (45) days) after the end of each calendar quarter, unaudited interim financial statements as of the end of such calendar quarter (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that such financial statements present fairly in all material respects the financial condition and results of operations of Borrower;

(c) within two hundred ten (210) days after the end of each fiscal year, (i) unqualified audited financial statements as of the end of such year (prepared on a consolidated basis), including balance sheet, related statements of income and cash flows as regularly prepared for the Borrower's investors, which financial statements will include, if necessary, disclosure of any material contingent liabilities, and setting forth in comparative form the corresponding figures for the preceding fiscal year, except for unqualified audited financial statements prepared for Fiscal Year End 2005, which Borrower shall furnish to Lender by September 30, 2006, (ii) budgets, operating plans and other financial information reasonably requested by Lender, and (iii) any reports furnished to Borrower's shareholders;

(d) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its Preferred Stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange; and

(e) promptly, any additional information, financial or otherwise (including tax returns and names of principal creditors), reasonably requested by Lender as Lender reasonably believes necessary to evaluate the Collateral or Borrower's continuing ability to meet its Business Plan and its financial obligations.

The executed Compliance Certificate may be sent via facsimile to Lender at (650) 473-9194. All Financial Statements required to be delivered pursuant to clauses (a), (b) and (c) shall be sent via e-mail to sharvey@herculestech.com; or via facsimile to Lender at: (650) 473-9194, attention Chief Legal Officer, referenced OATSystems, Inc.

7.2. The Borrower shall furnish the Lender with copies of all financial reports and materials furnished to the Board of Directors and/or holders of the Borrower's stock that is issued in connection with the Next Financing Event.

7.3. Borrower shall permit any representative Lender authorizes, including its attorneys and accountants, to inspect, examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours. In addition, any such representative shall have the right to meet with management and officers of Borrower, at reasonable times and upon reasonable notice, to discuss such books of account and records. In addition, Lender shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Lender shall constitute "management rights" within the meaning of 29 C.F.R Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Lender with respect to any business issues shall not be deemed to give Lender, nor be deemed an exercise by Lender of, control over Borrower's management or policies.

7.4. Borrower shall from time to time execute, deliver and file, alone or with Lender, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents to perfect or give the highest priority to Lender's Lien on the Collateral. Borrower shall, from time to time, procure any instruments or documents as may be requested by Lender, and take all further action that may be necessary or desirable, or that Lender may reasonably request, to carry out more effectively the provisions and purposes of the Loan Documents or the Warrant Agreement or to confirm, perfect, preserve and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Lender to execute and deliver on behalf of Borrower and to file such financing statements, collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Lender's name or in the name of Lender as agent and attorney-in-fact for Borrower.

7.5. Borrower shall protect and defend Borrower's title to the Collateral and Lender's Lien thereon against all Persons claiming any interest adverse to Borrower or Lender subject to Permitted Liens. Borrower shall at all times keep the Collateral and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender immediate written notice of any legal process affecting the Collateral, such other property and assets, or any Liens thereon.

7.6. Without Lender's prior written consent, Borrower shall not (a) enter into any loan agreement or otherwise borrow money which involves the grant of a security interest in any of the Borrower's assets (including but not limited to hereafter acquired assets and/or Intellectual Property), excluding agreements in connection with Permitted Liens, except to the extent that such loan or borrowing is subject to and subordinate to Lender's Lien on the Collateral and such lender enters into a subordination agreement, for the benefit of Lender, in a form acceptable to Lender; (b) to any material extent, compromise, compound or settle the same for less than the full amount thereof, (c) to any material extent, release, wholly or partly, any Person liable for the payment thereof, (d) to any material extent, allow any credit or discount whatsoever thereon other than trade discounts granted by Borrower in the ordinary course of business of Borrower, or (e) create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any

Indebtedness in excess of \$100,000.00, except Indebtedness to Lender and except Indebtedness to Silicon with respect to the Excluded Equipment incurred prior to the date hereof-

7.7. Borrower shall maintain and protect its properties, assets and facilities, including its Equipment and Fixtures, in good order and working repair and condition (taking into consideration ordinary wear and tear and obsolescence) and from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto and shall competently manage and care for its property in accordance with prudent industry practices.

7.8. Borrower shall not enter into or be a party to any Merger without the prior written consent of Lender. So long as no Event of Default has occurred and is continuing, Lender agrees not to unreasonably withhold its consent to any Merger to the extent the same does not, in Lender's sole discretion, materially and adversely affect Lender's interests under the Loan Documents or increase the risk of non-payment or late payment of the Secured Obligations. Lender may, at its sole option, require, as a condition of any such consent, that (a) the Note(s) be paid off in their entirety prior to the Merger being consummated, (b) the assets acquired in such Merger (i) be provided as Collateral (including assets of any subsidiary of Borrower) and (ii) be free and clear of Liens (other than Permitted Liens), (c) any party to the Merger, or parent, subsidiary or affiliate of Borrower guarantee the Secured Obligations, or (d) documents be delivered, including certificates, lien search results, financing statements and opinions, or other actions be taken so as to give Lender reasonable confidence in the ability of Borrower to satisfy the Secured Obligations on a timely basis.

7.9. Borrower, for itself and on behalf of its Subsidiaries, agrees that, without the prior written consent of Lender, it shall not, nor shall it allow any Subsidiary to, (a) repurchase or redeem any class of stock or other equity interest other than pursuant to employee, director or consultant repurchase plans or other similar agreements, provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or equity interest, (b) other than set forth in subsection 7.9(a) above, declare or pay any cash dividend or make a cash distribution on any class of stock or other equity interest, (c) loan money to any employee, officer or director or guarantee the payment of any such loan granted by a third party, other than advances of business expenses in the ordinary course of business, (d) waive, release or forgive any indebtedness owed by any employee, officer or director, or (e) voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of their assets (except (i) Inventory sold in the normal course of business, (ii) licenses and similar arrangements for the use of property in the ordinary course of business, (iii) excess, worn-out or obsolete Equipment, or (iv) subleases of real estate (collectively (i)-(iv), the "Permitted Transfers")). No Subsidiary shall issue any class of stock or other equity interest to any Person other than Borrower, and Borrower shall not create any new U.S. domestic Subsidiary without Lender's prior written consent, which consent may not be unreasonably withheld. If Borrower creates any Subsidiary after the date hereof, Borrower shall provide Lender with prompt written notice of the name of the Subsidiary, state/country of organization of the Subsidiary, and date of organization of the Subsidiary.

7.10. Upon the request of Lender, Borrower, for itself and on behalf of its Subsidiaries, agrees that during normal business hours, Borrower shall make the Inventory, Equipment, other Collateral, and books and records concerning Collateral (including software used in Borrower or Subsidiary's business), to the extent maintained by the Borrower, available to Lender for inspection at the place where it is normally located and shall make all logs and maintenance records pertaining to the Inventory and Equipment available to Lender for inspection. Borrower, for itself and on behalf of its Subsidiaries, shall take all action necessary to maintain such books, records, logs, and maintenance records in a correct and complete fashion.

7.11. Borrower and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed

against Borrower, Lender or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom, except when failure could not reasonably be expected to cause of Material Adverse Effect. Borrower shall file on or before the due date therefore all personal property tax returns (or extensions) in respect of the Collateral. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor in accordance with GAAP.

7.12. Neither Borrower nor any U.S. domestic Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Lender; and (ii) such relocation shall be within the continental United States. Neither Borrower nor any Subsidiary shall relocate any item of the Collateral (other than (i) relocations of equipment having an aggregate value of up to US \$100,000.00 in any fiscal year, or (ii) relocations of any items of Collateral to any location in the continental United States) unless (i) it has provided prior written notice to Lender; and (ii) as to Borrower, or any United States domestic Subsidiary of Borrower, such relocation shall be within the continental United States.

7.13. Neither Borrower, nor any Subsidiary located within the United States of America, shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days prior written notice to Lender.

7.14. Borrower shall arrange for automatic debit and corresponding payment to Lender on each Payment Date of all periodic obligations payable to Lender under each Note or Advance. All payments to Lender shall be wired to Lender's bank account at the following address:

Hercules Technology Growth Capital, Inc.
C/O Union Bank of California
400 California Street, 2nd Floor
San Francisco, CA 94104
Acct.# 4720023798
ABA# 122000496

7.15. Neither Borrower nor any Subsidiary located within the United States of America shall maintain any Deposit Accounts or accounts holding Investment Property, except with respect to which Lender has a perfected security interest in each such account.

7.16. Unless otherwise agreed to in writing by Lender, Borrower shall repay all outstanding amounts of any and all principal outstanding and all accrued interest on any Note and/or Advance, and any fees or costs incurred in connection therewith (a) no later than 90 days from the effective date of Borrower's Initial Public Offering, (b) immediately upon a Merger without the prior written consent as set forth in Section 7.8, or (c) immediately upon the sale, lease or transfer of all or substantially all of Borrower's assets outside of the ordinary course of business unless otherwise agreed to in writing by Lender.

7.17. Without Lender's prior written consent, Borrower shall not allow any Subsidiary to enter into any loan agreement or otherwise borrow money which involves the grant of a security interest in any of Subsidiary's assets (including, but not limited to, hereafter acquired assets and/or Intellectual Property) except (i) for such transactions involving not more than US \$250,000.00, and (ii) for purchase money liens on Equipment which has been acquired or held by such Subsidiary and such Liens are incurred for financing the acquisition of the Equipment, if, the Liens are confined to the Equipment and proceeds of the Equipment, and the aggregate principal amount of purchase money liens does not exceed US \$250,000.00. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary (except Permitted Liens), and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and

assets free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender immediate written notice of any legal process affecting such Subsidiary's assets.

7.18. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments, or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower.

7.19. Borrower shall use the Loan and the Advances to purchase Equipment, software and fixed assets, and for general working capital purposes.

7.20. Borrower shall promptly execute and deliver, in form and substance satisfactory to the Lender (or if permitted by law, Lender may itself execute and file, and at Lender's request, Borrower shall join with Lender in executing, in all public offices wherever filing is deemed by Lender to be necessary or desirable, including, without limitation, the USPTO) such financing statements, certificates and other documents or instruments to enable Lender to perfect or from time to time renew the security interests granted hereby, and to perfect or from time to time renew a security interest in any additional Collateral hereafter acquired by Borrower or in any replacements or proceeds thereof.

7.21. Borrower shall not sell, grant, assign or otherwise transfer ownership of any of the Collateral to any of Borrower's Subsidiaries.

SECTION 8. [Intentionally Omitted]

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events (herein called "Events of Default") shall constitute a breach and default under this Loan Agreement, the Notes, and the other Loan Documents:

9.1. Borrower defaults in the payment of any principal, interest or other Secured Obligation involving the payment of money under this Agreement, the Notes or any of the other Loan Documents, and such default continues for more than three (3) days after the due date thereof; or

9.2. Borrower breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, the Notes, or any of the other Loan Documents, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6, 7.6, 7.8, 7.9, 7.13, 7.16 or Section 7.17) such default continues for more than ten (10) days after the earlier of the date on which (i) Lender has given notice of such default to Borrower, and (ii) Borrower has actual knowledge of such default or (b) with respect to a default under Sections 6, 7.6, 7.8, 7.9, 7.13, 7.16 or Section 7.17 of this Agreement, upon the earlier of the date on which (i) Lender has given notice of such default to Borrower and (ii) Borrower has actual knowledge of such default; or

9.3. Any representation or warranty made by Borrower in any Loan Document or in the Warrant Agreement shall have been false or misleading in any material respect when made or deemed made, or a Material Adverse Effect has occurred; or

9.4. Borrower (a) shall make an assignment for the benefit of creditors; or (b) shall admit in writing its inability to pay its debts as they become due, or its inability to pay or perform under the Loan Documents or the Excluded Agreements; or (c) shall file a voluntary petition in bankruptcy; or (d) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (e) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of Borrower; or (f) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees; or (g) Borrower or its board of

directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (a) through (f); or

9.5. Either (a) sixty (60) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (b) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (c) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (d) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or

9.6. Sixty (60) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

9.7. The occurrence of any event of default under any Excluded Agreement, or under any warrant agreement, any note or agreement for borrowed money, or any other agreement, in any case, between Borrower and Lender (other than any default embodied in or covered by any other clause of this Section 9) and such default continues for more than ten (10) days after the earlier of (a) Lender has given notice of such default to Borrower, or (b) Borrower has actual knowledge of such default; or

9.8. Either (a) the occurrence of any default (other than any default embodied in or covered by any other clause of this Section 9), under any lease, loan, or other agreement for borrowed money, or obligation of Borrower for borrowed money, including, without limitation, Borrower's obligations under that certain Loan and Security Agreement, dated February 12, 2004, by and between Borrower and Silicon, which is accelerated, and which aggregates more than \$100,000.00, or which default could reasonably be expected have a Material Adverse Effect, or (b) the entry of any judgment or arbitration award against Borrower involving an award in excess of \$100,000.00, or that could reasonably be expected have a Material Adverse Effect.

SECTION 10. REMEDIES

10.1. Upon and during the occurrence of any one or more Events of Default, (i) Lender shall have the right to suspend or terminate its commitment to make any Advances, (ii) Lender may, at its option, accelerate and demand payment of all or any part of the Secured Obligations and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Sections 9.4 or 9.5, the Notes and all of the Secured Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act), and (iii) Lender may notify any of Borrower's account debtors to make payment directly to Lender, compromise the amount of any such account on Borrower's behalf and endorse Lender's name without recourse on any such payment for deposit directly to Lender's account. Upon and during the continuance of an Event of Default, the unpaid principal of and accrued interest on the Notes and Advances and all outstanding Secured Obligations, and all professional fees and expenses, shall thereafter bear interest at the Default Rate. Lender may exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Lender's rights and remedies shall be cumulative and not exclusive.

10.2. Upon the occurrence and during the continuance of any Event of Default, Lender may, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise

dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Lender may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days prior written notice to Borrower. Lender may require Borrower to assemble the Collateral and make it available to Lender at a place designated by Lender that is reasonably convenient to Lender and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Lender in the following order of priorities:

First, to Lender in an amount sufficient to pay in full Lender's costs and professionals' and advisors' fees and expenses as described in Section 11.15;

Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Lender may choose in its sole discretion; and

Finally, after the full, final, and indefeasible payment in Cash of all of the Secured Obligations, to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Lender shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3. Lender shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Lender to marshal any Collateral.

SECTION 11. MISCELLANEOUS

11.1. Continuation of Security Interest. This is a continuing Agreement and the grant of a Lien hereunder shall remain in full force and effect and all of the rights, powers and remedies of Lender hereunder shall continue to exist until the Secured Obligations (other than inchoate indemnity obligations) are fully, finally, and indefeasibly paid in Cash. Lender shall execute a termination statement, and take all actions reasonably requested by Borrower, so long as Borrower agrees to reimburse Lender for all out of pocket expenses incurred by Lender in so acting, promptly after the full, final, and indefeasible payment in Cash of the Secured Obligations hereunder, reconveying to Borrower, without recourse, the Collateral and all rights conveyed hereby and returning possession of the Collateral to Borrower. The rights, powers and remedies of Lender hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Lender.

11.2. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.3. Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the first business day after transmission by e-mail, facsimile or hand delivery or deposit with an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage

prepaid (provided, that any Advance Request shall not be deemed received until Lender's actual receipt thereof), and shall be addressed to the party to be notified as follows:

(a) If to Lender:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer and Manuel Henriquez
525 University Avenue, Suite 700
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060
Email: sharvey@herculestech.com

With a copy to:

Seyfarth Shaw LLP
Two Seaport Lane, Suite 300
Boston, MA 02210
Attention: Louis J. DiFronzo, Jr.
Facsimile: 617-946-4801
Telephone: 617-946-4800
Email: ldifronzo@seyfarth.com

(b) If to Borrower:

OATSYSTEMS, INC.
265 Winter Street
Waltham, MA 02451
Attn: Robert Lentz, Senior Vice President
Telephone:
Facsimile:
E-mail: blentz@oatsystems.com

With a copy to:

Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
Attn: Mark G. Borden, Esq.
Telephone: 617.526.6675
Facsimile: 617.526.5000
E-mail: mark.borden@wilmerhale.com

or to such other address as each party may designate for itself by like notice.

11.4. Entire Agreement; Amendments. This Agreement, the Notes, and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Lender's proposal letter dated March 2, 2006). None of the

terms of this Agreement, the Notes or any of the other Loan Documents may be amended except by an instrument executed by each of the parties hereto.

11.5. **Headings.** The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

11.6. **Advice of Counsel.** Each of the parties represents to each other party hereto that it has discussed (or had an opportunity to discuss) with its counsel this Agreement and, specifically, the provisions of Sections 11.12, 11.13 and 11.14.

11.7. **No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.8. **No Waiver.** The powers conferred upon Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. No omission or delay by Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Lender is entitled, nor shall it in any way affect the right of Lender to enforce such provisions thereafter.

11.9. **Survival.** All agreements, representations and warranties contained in this Agreement, the Notes and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Lender and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

11.10. **Successors and Assigns.** The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement, the Notes or any of the other Loan Documents without Lender's express prior written consent, and any such attempted assignment shall be void and of no effect. Lender may assign, transfer, or endorse its rights hereunder and under the other Loan Documents as set forth in Section 11.17 hereof without prior notice to Borrower, and all of such rights shall inure to the benefit of Lender's successors and assigns.

11.11. **Tax Indemnification.** Borrower agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of Lender) that may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

11.12. **Governing Law.** This Agreement, the Notes and the other Loan Documents shall be deemed and have been negotiated and delivered to Lender in the State of California, and shall have been accepted by Lender in the State of California. Payment to Lender by Borrower of the Secured Obligations is due in the State of California. This Agreement, the Notes and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.13. **Consent to Jurisdiction and Venue.** All judicial proceedings (to the extent that the arbitration requirement of Section 11.14 is not applicable) arising in or under or related to this Agreement, the Notes or any of the other Loan Documents may be brought in any state or federal court of competent jurisdiction located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to personal jurisdiction in Santa Clara County, State of

California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, the Notes or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.3, and shall be deemed effective and received as set forth in Section 11.3. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.14. Mutual Waiver of Jury Trial / Consent to Arbitration.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. **EACH OF BORROWER AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST LENDER OR ITS ASSIGNEE OR BY LENDER OR ITS ASSIGNEE AGAINST BORROWER.** This waiver extends to all such Claims, including Claims that involve Persons other than Borrower and Lender; Claims that arise out of or are in any way connected to the relationship between Borrower and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document or any of the Excluded Agreements.

(b) If the waiver of jury trial set forth in Section 11.14(a) is ineffective or unenforceable, the parties agree that all Claims shall be submitted to binding arbitration in accordance with the commercial arbitration rules of JAMS (the "Rules"), such arbitration to occur before one arbitrator, which arbitrator shall be a retired California state judge or a retired Federal court judge. Such proceeding shall be conducted in San Francisco County, California, with California rules of evidence and discovery applicable to such arbitration. The decision of the arbitrator shall be binding on the parties, and shall be final and nonappealable to the maximum extent permitted by law. Any judgment rendered by the arbitrator may be entered in a court of competent jurisdiction and enforced by the prevailing party as a final judgment of such court.

(c) In the event Claims are to be resolved by arbitration, either party may seek from a court of competent jurisdiction identified in Section 11.13, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by binding arbitration.

11.15. **Professional Fees.** Borrower promises to pay Lender's fees and expenses necessary to finalize the loan documentation, including, but not limited to, reasonable attorneys' fees, UCC and tax lien searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable attorneys' and other professionals' fees and expenses incurred by Lender after the Closing Date in connection with or related to: (a) the Loan; (b) the collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, or the Excluded Agreements, including representing Lender in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof. Lender's professional fees and expenses shall include reasonable fees or expenses for Lender's attorneys, accountants, auctioneers, liquidators, appraisers, investment advisors, environmental and management consultants, or experts engaged by Lender in connection with the foregoing. Borrower's promise to pay all of Lender's professional fees and expenses is part of the Secured Obligations under this Agreement. For the purposes of this Section 11.15, attorneys' fees shall include fees incurred in connection with the following: (i) contempt proceedings; (ii) discovery; (iii) any motion, proceeding or other activity of any kind in connection with an insolvency proceeding; (iv) garnishment, levy, and debtor and third party examinations; and (v) post-judgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment.

11.16. **Confidentiality.** Lender acknowledges that certain items of Collateral, including, but not limited to trade secrets, source codes, customer lists and certain other items of Intellectual Property, and any Financial Statements provided pursuant hereto, if and to the extent such information is marked as confidential by Borrower at the time of disclosure, shall constitute proprietary and confidential information of Borrower (the "Confidential Information"). Accordingly, Lender agrees that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Lender's security interest in the Collateral shall be received in the strictest confidence and shall not be disclosed to any other person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Lender may disclose any such information: (a) to its own directors, officers, employees, accountants, counsel and other professional advisors and to its affiliates if Lender in its sole discretion determines that any such party should have access to such information for purposes of this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph 11.16 or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public; (c) if required in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Lender; (d) if required in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Lender's counsel; (e) to comply with any legal requirement or law applicable to Lender; (f) to the extent reasonably necessary in connection with the exercise of any right or remedy under any Loan Document, including Lender's sale, lease, or other disposition of Collateral after default, which Collateral constitutes or is reasonably related to Confidential Information; (g) to any participant or assignee of Lender or any prospective participant or assignee; provided, that such participant or assignee or prospective participant or assignee agrees in writing to be bound by this Section prior to disclosure; or (h) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its affiliates or any guarantor under this Agreement or the other Loan Documents.

11.17. **Assignment of Rights.** Borrower acknowledges and understands that Lender may sell and assign all or part of its interest hereunder and under the Note(s) and Loan Documents to any person or entity (an "Assignee"). After such assignment the term "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Lender shall retain all rights, powers and remedies hereby given. No such assignment by Lender shall relieve Borrower of any of its obligations hereunder. Lender agrees that in the event of any transfer by it of the Note(s), it will endorse thereon a notation as to the portion of the principal of the Note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.18. **Revival of Secured Obligations.** This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Lender. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Lender, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Lender or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Lender in Cash.

11.19. **Counterparts.** This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.20. **No Third Party Beneficiaries.** No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any person other than Lender and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely between the Lender and the Borrower.

11.21. **Specific Performance.** The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to Lender by reason of Borrower's failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable by Lender. If Lender institutes any action or proceeding to specifically enforce the provisions hereof, any Person against whom such action or proceeding is brought hereby waives the claim or defense therein that Lender has an adequate remedy at law, and such Person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.


11.22. Borrower authorizes Lender to use Borrower's name and logo, and include a brief description of the relationship between Borrower and Lender, in Lender's marketing materials. Lender shall provide a copy of such materials to Borrower.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, Borrower and Lender have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

OATSYSTEMS, INC., a Delaware corporation

Signature: 
Print Name: ROBERT L. LENTZ
Title: SR. VICE PRESIDENT

Accepted in Palo Alto, California:

LENDER:

HERCULES TECHNOLOGY GROWTH
CAPITAL, INC., a Maryland corporation

Signature: _____
Print Name: _____
Title: _____

BO1 15775013.1 / 39987-000001

Table of Exhibits and Schedules

- Exhibit A: Advance Request
Attachment to Advance Request**
- Exhibit B: Promissory Note**
- Exhibit C: Name, Locations, and Other Information for Borrower**
- Exhibit D: Borrower's Patents, Trademarks, Copyrights and Licenses**
- Exhibit E: Borrower's Deposit Accounts and Investment Accounts**
- Exhibit F: Compliance Certificate**

- Schedule 1A: Existing Permitted Indebtedness**
- Schedule 1B: Existing Permitted Investments**
- Schedule 3.1: Excluded Equipment**
- Schedule 5.3: List of Subsidiaries**
- Schedule 5.23: Capitalization**

ADVANCE REQUEST

To: Lender: Date: May __, 2006

Hercules Technology Growth Capital, Inc.
525 University Avenue, Suite 700
Palo Alto, CA 94301
Facsimile: 650-473-9194
Attn:

OATSystems, Inc. ("Borrower") hereby requests from Hercules Technology Growth Capital, Inc. ("Lender") an Advance in the amount of Three Million Dollars (\$3,000,000.00) (the "Advance") on April __, 2006 (the "Advance Date") pursuant to the Loan and Security Agreement between Borrower and Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

- (a) Issue a check payable to Borrower _____
- or
- (b) Wire Funds to Borrower's account X_____

Bank: Silicon Valley Bank
Address: 3003 Tasman Drive, Santa Clara, CA 95054
ABA Number: 121140399
Account Number: 3300415876
Account Name: OATSystems, Inc.
Swift Account No.: SVBKUS6S

Borrower hereby represents that the conditions precedent to Advances set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no Material Adverse Effect in Borrower's business or financial condition has occurred and is continuing; (ii) that the representations and warranties set forth in the Agreement and in the Warrant Agreement are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Lender has the right to review the financial information supporting the foregoing representations and certifications, and, based upon such review, if Lender has reasonable cause to believe that one or more of the representations and/or certifications in the Advance Request is false or misleading in any material respect, Lender may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations are as set forth in the Attachment to this Advance Request.

Borrower agrees to notify Lender promptly before the funding of the Advance if any of the matters which have been represented above shall not be true and correct on the Borrowing Date and if Lender has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

Executed this _____ day of May, 2006

BORROWER: OATSystems, Inc.

SIGNATURE: _____

TITLE: Chief Financial Officer

PRINT NAME: Robert Lentz

ATTACHMENT TO ADVANCE REQUEST

Dated: May __, 2006

Borrower hereby represents and warrants to Lender that Borrower's current name and organizational status is as follows:

Name: OatSystems, Inc.
Type of organization: Corporation
(corporation, limited partnership, or limited liability company)
State of organization: Delaware
Organization file number:

Borrower hereby represents and warrants to Lender that the street addresses, cities, states and postal codes of its current locations are as follows:

Chief Executive Office: Michael George, c/o Oat Systems

Principal Place of Business: 265 Winter Street
Waltham, MA 02451

Locations of Collateral: Principal place of business,
OatSystems India, Fernbank
3 Rest House Road
Bangalore 560 001
India

SECURED PROMISSORY NOTE

\$3,000,000.00

Advance Date: May __, 2006

Maturity Date: September 1, 2009

FOR VALUE RECEIVED, OATSystems, Inc. , a Delaware corporation (the "Borrower"), hereby promises to pay to the order of Hercules Technology Growth Capital, Inc., a Maryland corporation or the holder of this Note (the "Lender"), at 525 University Avenue, Suite 700, Palo Alto, CA 94301, or such other place of payment as the holder of this Promissory Note (this "Promissory Note") may specify from time to time in writing, in lawful money of the United States of America, the principal amount of Three Million 00/100 Dollars (\$3,000,000.00) together with interest at the Interest Rate per annum based upon a year consisting of 360 days, with interest computed daily based on the actual number of days in each month. This Promissory Note is made and issued in connection with an Advance made by the Lender to the Borrower in accordance with that certain Loan and Security Agreement dated May __, 2006, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and all capitalized, undefined terms used herein shall have the meaning given to such term in the Loan Agreement. This Promissory Note shall be due and payable as follows: the Borrower shall make monthly payment of accrued interest only during the Interest Only Period, such payments of interest commencing on the first day of the next succeeding calendar month and on the first day of each month thereafter; following the Interest Only Period and commencing on April 1, 2007; and on the first day of the next succeeding twenty-nine (29) months thereafter, the Borrower shall make monthly installments of principal and interest as provided in the Loan Agreement. The final payment (the "Maturity Date Payment") shall be payable on September 1, 2009. Each monthly installment, including the Maturity Date Payment, shall be due and payable on the Payment Date. If any payment due hereunder shall be payable on a day other than a business day, then such payment shall be due and payable on the next succeeding business day. This Promissory Note shall be repaid in full, together with all interest accrued thereon, not later than September 1, 2009.

This Promissory Note is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. An Event of Default under the Loan Agreement shall constitute a default under this Promissory Note. Reference to the Loan Agreement shall not affect or impair the absolute and unconditional obligation of the Borrower to pay all principal and interest and premium, if any, under this Promissory Note as provided herein.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Promissory Note without setoff, recoupment or deduction and regardless of any counterclaim or defense.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

This Promissory Note has been negotiated and delivered to Lender and is payable in the State of California. This Promissory Note shall be governed by and construed and enforced in accordance with the laws of the State of California, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER:

OATSystems, Inc.

Signature: 

Print Name: ROBERT L. LENTZ

Title: SENIOR VICE PRESIDENT

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EXHIBIT C

NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER

1. Borrower hereby represents and warrants to Lender that Borrower's current name and organizational status as of the Closing Date is as follows:

Name: OatSystems, Inc.

Type of organization: Corporation
(corporation, limited partnership, or limited liability company)

State of organization: Delaware

Organization file number: 3381651 8100

2. Borrower hereby represents and warrants to Lender that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following: Not applicable

Name:

Used during dates of:

Type of Organization:

State of organization:

Organization file Number:

3. Borrower's fiscal year ends on December 31.
4. Borrower's federal employer tax identification number is 04-3557997.
5. Borrower hereby represents and warrants to Lender that the street addresses, cities, states and postal codes of its current locations as of the Closing Date are:

Chief Executive Office: 265 Winter Street, Waltham, MA 02451

Principal Place of Business: 265 Winter Street, Waltham, MA 02451

Locations of Collateral: 265 Winter Street, Waltham, MA 02451; Fernbank, 3 Rest House Road, Bangalore 560 001, India.


EXHIBIT D

BORROWER'S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

Pending Trademark Applications

Mark	Country	Serial No.	Filing Date
OAT	China Based on Madrid Protocol	A0000240	11/30/04
OAT	European Community	4151106	12/02/04
OAT	India	1325474	12/13/04
OAT	Korea Based on Madrid Protocol	A0000240	11/30/04
OAT	Norway Based on Madrid Protocol	A0000240	11/30/04
OAT	Singapore Based on Madrid Protocol	T05/01481J	11/30/04
OATSYSTEMS	United States	76/480172	12/20/02

Issued Trademark Registrations

Mark	Country	Regis. No.	Regis. Date
MISCELLANEOUS DESIGN 	United States	3023085	12/06/05
OAT	Australia Based on Madrid Protocol	1038819	07/18/05
OAT	Canada	648884	09/23/05
OAT	Japan Madrid Protocol	839562	09/22/05
OAT	Madrid Protocol Australia China Japan Korea Norway Singapore	839562	11/30/04
OAT	United States	2949049	05/10/05
OAT SYSTEMS stylized OATSystems	European Community	3502051	05/13/05

Licenses

The Company's OATexpress product includes the following open source and public domain licenses:

Open Source Software	Rev. No.	License Type
Axis	1.1	Apache
Castor	0.9.5.1	Exolab (BSD)
Commons-Bean Utils	1.7.9	Apache
Commons-Collections	2.0	Apache
Commons-DBCP	1.0	Apache
Commons-Discovery	0.2	Apache
Commons-FileUpload	1.0	Apache
Commons-JEXL	1.0	Apache
Commons-Logging	1.0.3	Apache
Commons-Pool	1.0.1	Apache
gnu-regexp	1.1.3	LPGL
Jakarta ORO	2.0.7	Apache
JClark xp parser	19990102	JClark xp
JClark xt XSLT	19991105	JClark xt
jdom	1.0	jdom
Log4J	1.2.9	Apache
OpenNMS joesnmp	0.2.6	LPGL
Sun JMX RI	1.2.8	BSD
Tomcat	4.1.24	Apache
WSDL4J	1.4	CPL
Xbill dnsjava	1.2.3	LPGL
Xerces	1.4.4	Apache
XMLbeans	1.0.4	Apache

The Company's Axim product also incorporates the following open source and public domain licenses:

Author/Distributor	License Type	Description
PostgreSQL	BSD	PostgreSQL DB package and its JDBC client jar
Apache Commons Software wsdl4j Foundation	Apache	Tomcat webserver, Apache-SOAP, Xerces, Log4J, collections, pool, dbcp, SNMP trap appender
ObjectWeb	LGPL	RmiJDBC
GNU	LGPL	gnu-regexp
Sun Microsystems	BSD	JMX RI
Xbill	LGPL	dnsjava
OpenNMS	LGPL	joesnmp
ObjectWeb	BSD	Java Open Transaction Management
ObjectWeb	LGPL	CAROL RMI IIOP
Enhydra.org	LPGL	XApool

The Company has executed an OEM/license with MicroStrategies, Inc.

The Company has executed an Enterprise License Agreement with NetModule, Inc.

EXHIBIT E

BORROWER'S DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS

<u>Name</u>	<u>Account Number</u>	<u>Address</u>	<u>Description</u>
Silicon Valley Bank	3300415876	3003 Tasman Drive, Santa Clara, CA 95054	Checking
Silicon Valley Bank	3300415880	3003 Tasman Drive, Santa Clara, CA 95054	Payroll Checking
Bank of America	009418396154	PO Box 25118, Tampa, FL 33622-5118	Checking
SVB Asset Management	19-SV033	185 Berry Street, Ste 3000, San Francisco, CA 94107	Investment account
Boston Private Bank & Trust Company	14811	Ten Post Office Square, Boston, MA 02109	Certificate of Deposit

EXHIBIT F

COMPLIANCE CERTIFICATE

Hercules Technology Growth Capital, Inc.
525 University Avenue, Suite 700
Palo Alto, CA 94301

Re: Reference is made to that certain Loan and Security Agreement dated May __, 2006 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time (hereinafter referred to collectively as the "Loan Agreement") between Hercules Technology Growth Capital, Inc. ("Hercules"), as Lender and OATSystems, Inc. (the "Company"), as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

Gentlemen:

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provided certification of information regarding the Company; hereby certifies that in accordance with the terms and conditions of the Loan Agreement, the Company is in complete compliance for the period ending _____ of all covenants, conditions and terms and hereby reaffirms all representations and warrants contained therein. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year end adjustments) and are consistent from one period to the next except as explained below.

<u>REPORTING REQUIREMENT</u>	<u>REQUIRED</u>	<u>CHECK IF ATTACHED</u>
Interim Financial Statements	Monthly within 30 days	_____
Interim Financial Statements	Quarterly within 45 days	_____
Audited Financial Statements	FYE within 120 days	_____

Very Truly Yours,

By: _____

Name: _____

Its: _____

SCHEDULE 1A

EXISTING PERMITTED INDEBTEDNESS

Such indebtedness under that certain Loan and Security Agreement, dated as of February 12, 2004, between Silicon Valley Bank and the Company.

SCHEDULE 1B
EXISTING PERMITTED INVESTMENTS

None.

SCHEDULE 3.1

EXCLUDED EQUIPMENT

Those certain items of equipment and the proceeds thereof, in which Silicon Valley Bank, a California chartered bank, has previously perfected a purchase-money security interest pursuant to the transactions contemplated by that certain Loan and Security Agreement dated February 12, 2004 between the Company and Silicon Valley Bank.

SCHEDULE 5.3

LIST OF SUBSIDIARIES

1. OatSystems Private Limited, incorporated on July 29, 2002 in Hyderabad, India. The Company is currently in the process of winding down the operations of OatSystems Private Limited. OatSystems Private Limited adopted board resolutions for the wind-down and dissolution of the Company effective October 31, 2005. The Company is currently working on the de-registration of the Company from the Registrar of Companies and currently anticipates that the de-registration will be completed over the next couple of months.
2. OAT Systems Software India Private Limited, incorporated on October 4, 2004 in Bangalore, India (the Company has also entered into a Master Contract Services Agreement with OAT Systems Software India Private Limited).
3. OATSystems UK Limited, incorporated on March 25, 2004 in London, England.

SCHEDULE 5.23
CAPITALIZATION

See Annex A.

Cap Table: Fully-Diluted (incl. options reserved for grant)

Pro Forma Capitalization Table Immediately After the Closing of Series B
OatSystems, Inc. 4/29/2006

	Common Stock		Options		Series A		Series A1		Series B		Fully Diluted	%	ownership pre-B	
	Sept. 12, 2003	Dec. 16, 2004	Sept. 12, 2003	Dec. 16, 2004	Sept. 12, 2003	Dec. 16, 2004	April 17, 2006	April 17, 2006						
Founders														
Laxminaras Putta	4,909,559		500,000								5,409,559	8.78%	12.66%	
Teja Putta	5,000										5,000	0.01%	0.01%	
Siddhar Ramachandran	50,000		387,464								437,464	0.71%	1.13%	
Sanjay Sharma	4,914,559		500,000								5,414,559	8.79%	12.67%	
Karl Waldman	424,851										424,851	0.69%	1.10%	
	0										0	0.00%	0.00%	
Options Exercised	503,874										503,874	0.82%	1.30%	
Restricted Stock Grants	2,681,385										2,681,385	4.35%	6.91%	
Options Outstanding, not exercised	0		2,984,463								2,984,463	4.84%	7.69%	
Available for grant	0		3,025,812								3,025,812	4.91%	7.80%	
New CEO	0		4,868,399								4,868,399	7.90%	0.00%	
Option pool increase			35,718								35,718	0.06%	0.29%	
OAT Treasury Stock / returned to option pool	113,033										113,033	0.18%	0.00%	
Series A, A1 and B Investors														
Matrix Partners VII, LP	6,274,482				3,433,951		1,534,686		6,934,426		18,177,545	29.50%	25.03%	
Weston & Co. VII LLC	14,465				14,310		4,549		28,898		62,222	0.10%	0.07%	
Greylock XI LP	4,413,979				2,887,979		1,154,276		5,221,814		13,678,048	22.20%	18.82%	
Greylock XI-A LP	122,969				80,456		32,157		145,474		381,056	0.62%	0.52%	
Greylock XI Principals, LLC	504,105				329,826		131,826		596,365		1,562,122	2.54%	2.15%	
Tom Bogan					150,000		23,712		97,131		270,843	0.44%	0.39%	
John Karlen	50,000				30,435		12,715		93,150		93,150	0.15%	0.21%	
Anthony J. Medaglia	10,000				6,087		2,543		10,417		29,047	0.05%	0.04%	
2000 Exchange Place Fund, LLC	10,000				6,087		2,543		10,417		29,047	0.05%	0.04%	
Gitanjali Swamy	10,000				6,087		2,543		10,417		29,047	0.05%	0.04%	
Ashok Kaleikar	65,000				39,565		16,529		67,710		188,804	0.31%	0.27%	
Ranganath Nayak	25,000						3,952		16,189		45,141	0.07%	0.06%	
Adi Guzdar					70,000		11,065		45,328		126,393	0.21%	0.18%	
The Lentz Family GST Exempt Trust - 2002					100,000		15,808				115,808	0.19%	0.26%	
Eric Fischer					100,000		15,808				115,808	0.19%	0.26%	
Anti-dilution shares											115,808	0.19%	0.26%	
HERCULES WARRANT											0	0.00%	0.00%	
Marc Osofsky					40,000		6,323		760,649		760,649	1.23%	0.10%	
Total	13,602,261	12,301,856		\$ 11,500,000	7,294,783	\$ 7,294,783	2,971,035	\$ 13,945,235	\$ 6,500,000	61,615,170	100.00%	100.00%	100.00%	97.87%