

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
NeoScale Systems, Inc.		10/02/2006	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Hercules Technology II, L.P.		
Street Address:	525 University Avenue, Suite 700		
City:	Palo Alto		
State/Country:	CALIFORNIA		
Postal Code:	94301		
Entity Type:	LIMITED PARTNERSHIP: DELAWARE		
PROPERTY NUMBERS Total: 3			
Property Type	Number	Word Mark	
Serial Number:	76418933	NEOSCALE SYSTEMS	
Serial Number:	76357789	CRYPTOSTOR	
Serial Number:	78835236	CRYPTOSTOR KEYVAULT	
CORRESPONDENCE DATA			
Fax Number:	(415)983-1200		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	415-983-1274		
Email:	sftrademarks@pillsburylaw.com		
Correspondent Name:	Robert B. Burlingame		
Address Line 1:	P.O. Box 7880		
Address Line 2:	Calendar/Docketing Department		
Address Line 4:	San Francisco, CALIFORNIA 94120-7880		
ATTORNEY DOCKET NUMBER:	042713/0000001/RBB		
NAME OF SUBMITTER:	Robert B. Burlingame		

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Signature:	/Robert B. Burlingame/
Date:	11/29/2006
Total Attachments: 7 source=NEOSCALE sec int agmt_Page_1#page1.tif source=NEOSCALE sec int agmt_Page_2#page1.tif source=NEOSCALE sec int agmt_Page_3#page1.tif source=NEOSCALE sec int agmt_Page_4#page1.tif source=NEOSCALE sec int agmt_Page_5#page1.tif source=NEOSCALE sec int agmt_Page_6#page1.tif source=NEOSCALE sec int agmt_Page_7#page1.tif	

TRADEMARK GRANT OF SECURITY INTEREST

This Trademark Grant of Security Agreement ("Agreement") is dated the 2nd day of October 2006, between NeoScale Systems, Inc., a Delaware corporation ("Grantor"), which maintains its chief executive office and principal place of business located at 1655 McCarthy Boulevard, Milpitas, CA 95035, and Hercules Technology II, L.P., with its chief executive office and principal place of business located at 525 University Avenue, Suite 700, Palo Alto, CA 94301 ("Secured Party").

RECITALS

A. Grantor owns the Trademarks, Trademark registrations, Trademark applications and is a party to the Trademark licenses listed on Schedule 1 hereto;

B. Grantor and Secured Party are parties to a Loan and Security Agreement dated October 2, 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");

C. Pursuant to the terms of the Loan Agreement Grantor has granted to Secured Party a security interest in all of the tangible and intangible property of Grantor, including all right, title and interest of Grantor in, to and under all of the following property, now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest (collectively, the "Trademarks"): (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, (b) all reissues, extensions or renewals thereof and (c) all proceeds thereof.

D. All capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement.

NOW, THEREFORE, in consideration of the premises, Grantor hereby agrees with Secured Party as follows:

1. To secure the complete and timely satisfaction of all Secured Obligations, Grantor hereby grants and conveys to Secured Party a continuing security interest in and lien on all of Grantor's right, title and interest in and to the Trademarks and proceeds thereof, including without limitation the trademarks and trademark application listed on Schedule 1 hereto (as the same may be amended pursuant hereto from time to time), including without limitation, all renewals thereof, all proceeds of infringement suits, the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world and the goodwill of the business to which each of the Trademarks relates (all of the foregoing are collectively called the "Trademark Collateral"). Secured Party is authorized to file this Agreement with the United States Patent and Trademark Office or any other governmental agency it deems necessary or desirable in order to secure and perfect its rights under this Agreement or the Loan Documents.
2. Grantor represents, warrants and covenants that:
 - a) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Trademark Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Grantor not to sue third persons, except for Permitted Liens;

- b) The Trademark Collateral is subsisting and no part of the Trademark Collateral has been adjudged invalid or unenforceable;
 - c) To the best of Grantor's knowledge, all of the Trademark Collateral is valid and enforceable;
 - d) No claim has been made that the use of any of the Trademark Collateral does or may violate the rights of any third person;
 - e) Grantor has the unqualified right to enter into this Agreement and perform its terms;
 - f) Grantor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Trademark Collateral, unless Grantor determines that such Trademark Collateral is no longer useful in Grantor's business and discontinuance of such Trademark Collateral is in the best interests of Grantor; and
 - g) Grantor has used, and will continue to use for the duration of this Agreement, consistent standards of quality of products sold under the Trademarks.
3. Grantor agrees that, until all of the Secured Obligations (other than inchoate indemnity obligations) shall have been satisfied in full, it will not enter into any agreement relating to Grantor's Trademarks (for example, a license agreement) which is inconsistent with Grantor's obligations under this Agreement, without Secured Party's prior written consent; provided, that to the extent not inconsistent with the Loan Agreement, so long as no Event of Default exists, without the consent of Secured Party, Grantor may grant licenses to third parties to use the Trademarks in the ordinary course of business of both Grantor and such third party on arm's length and customary business terms.
 4. If, before the Secured Obligations (other than inchoate indemnity obligations) shall have been satisfied in full, Grantor shall obtain rights to any new Trademarks or any rights that would come within the definition of Trademark Collateral had such rights existed on the date hereof, the provisions of paragraph 1 shall automatically apply thereto and Grantor shall give Secured Party prompt written notice thereof. Failure to provide such notice shall constitute a material breach of this Agreement.
 5. Grantor authorizes Secured Party unilaterally to modify this Agreement by amending Schedule 1 to include any future Trademarks, Trademark applications or other rights described in paragraphs 1 and 4 hereof.
 6. If any Event of Default shall have occurred and be continuing, Secured Party shall have, in addition to all other rights and remedies given it by this Agreement or the Loan Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks may be located and, without limiting the generality of the foregoing, the Secured Party may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, all or from time to time any of the Trademarks, or any interest which the Grantor may have therein, and after deducting from the proceeds of sale or other disposition of the Trademarks all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Secured Obligations. Any remainder of the proceeds after payment in full of the Secured Obligations shall be paid over to Grantor. Notice of any sale or other disposition of the Trademarks shall be given to Grantor at least ten (10) days before the time of any intended public or private sale or other disposition of the Trademarks is to be made, which Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition Secured Party or its Transferee (defined in Section 14, below) may, to the extent permissible under applicable law, purchase the whole or any part of the Trademarks sold, free from any right of redemption on the part of Grantor, which right is hereby waived and released.

7. Grantor hereby authorizes and empowers Secured Party to make, constitute and appoint any officer of Secured Party as Secured Party may select in its exclusive discretion, as Grantor's true and lawful attorney-in-fact, with the power, during the existence of an Event of Default, to endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Secured Party to use the Trademark Collateral, or to grant or issue any exclusive or nonexclusive license under the Trademark Collateral to any third person, or necessary or desirable for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Trademark Collateral to any third person as a part of Secured Party's realization on such collateral upon acceleration of the Secured Obligations following an Event of Default. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney being coupled with an interest shall be irrevocable for the life of this Agreement.
8. If Grantor fails to comply with any of its obligations hereunder, Secured Party may do so in Grantor's name or in Secured Party's name, but at Grantor's expense, and Grantor hereby agrees to reimburse Secured Party in full for all expenses, including reasonable attorneys' fees, incurred by Secured Party in protecting, defending and maintaining the Trademark Collateral.
9. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademark Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, shall be borne and paid by Grantor on demand by Secured Party and until so paid shall be added to the principal amount of the Secured Obligations and shall bear interest at the Default Rate.
10. Grantor shall have the duty to prosecute diligently any material Trademark applications pending as of the date of this Agreement or thereafter until the Secured Obligations (other than inchoate indemnity obligations) shall have been paid in full, to make federal application on registrable but unregistered Trademarks, to file and prosecute opposition and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademark Collateral. Any expenses incurred in connection with the Trademark Collateral shall be borne by Grantor. The Grantor shall not abandon any material Trademark Collateral without the consent of Secured Party, which consent shall not be unreasonably withheld.
11. No course of dealing between Grantor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
12. All of Secured Party's rights and remedies with respect to the Trademark Collateral, whether established hereby or by the Loan Agreement, or any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.
13. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then 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.
14. Grantor acknowledges and understands that Secured Party may sell, assign and/or transfer all or part of its interest hereunder to any person or entity (a "Transferee"). After such assignment the term "Secured Party" as used in this Agreement shall mean and include such Transferee, and such Transferee shall be vested with all rights, powers and remedies of Secured Party hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Secured

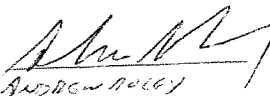
Party shall retain all rights, powers and remedies hereby given. No such assignment by Secured Party shall relieve Grantor of any of its obligations hereunder. Grantor may not sell, assign or transfer its rights and obligations hereunder without the prior written consent of Secured Party.

15. This Agreement is subject to modification only by a writing signed by both parties, except as provided in paragraph 5.
16. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction. To the extent the provisions of the Uniform Commercial Code govern any aspect of this Agreement, the Uniform Commercial Code as the same is, from time to time, in effect in the State of California shall govern; 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, the security interest granted on the Trademark Collateral is required to be 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 such jurisdiction's Uniform Commercial Code, as in effect, from time to time, shall govern only to the extent required by applicable law.
17. All judicial proceedings arising in or under or related to this Agreement 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 San Mateo County, State of California; (b) waives any objection as to jurisdiction or venue in San Mateo 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. 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 the Loan Agreement, and shall be deemed effective and received as set forth in Section 12.3 of the Loan Agreement. 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.
18. This Agreement shall terminate upon indefeasible payment and performance in full of all Secured Obligations under the Loan Agreement.

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WITNESS the execution hereof under seal as of the day and year first above written.

NEOSCALE SYSTEMS, INC.

By: 
Name: Andrew Polley
Title: CEO

HERCULES TECHNOLOGY II, L.P.,
a Delaware limited partnership

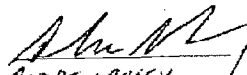
By: Hercules Technology SBIC Management,
LLC, its General Partner

By: Hercules Technology Growth Capital, Inc.,
its Manager

By: _____
Name: Scott Harvey
Its: Chief Legal Officer

WITNESS the execution hereof under seal as of the day and year first above written.

NEOSCALE SYSTEMS, INC.

By: 
Name: Andrew Ducey
Title: CFO

HERCULES TECHNOLOGY II, L.P.,
a Delaware limited partnership

By: Hercules Technology SBIC Management,
LLC, its General Partner

By: Hercules Technology Growth Capital, Inc.,
its Manager

By: 
Name: Scott Harvey
Its: Chief Legal Officer

**SCHEDULE 1 (AS AMENDED 11/29/06)
TO
TRADEMARK GRANT OF SECURITY INTEREST**

A. TRADEMARK AND TRADEMARK APPLICATIONS:

<u>Application or Trademark No.</u>	<u>Issue or Filing Date</u>	<u>Title</u>
2,854,561	June 15, 2004	NEOSCALE SYSTEMS
2,848,231	June 1, 2004	CRYPTOSTOR
78/835236	March 13, 2006	CRYPTOSTOR KEYVAULT

B. TRADEMARK LICENSES:

<u>Corresponding Trademark No.</u>	<u>Date License Granted</u>	<u>Licensee</u>	<u>Termination Date</u>
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N/A