

Continuation of Item 4

B. Trademark Registration No(s)

2,595,563

2,589,604

2,475,717

2,622,000

2,595,339

2,349,532

C. Identification or Description of Trademark(s)

C (and design)

Codeon

Bandwidth Begins Here

Mach-40

Mach-10

Quantum Photonics

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is entered into as of August 7, 2006 by and between SQUARE 1 BANK ("**Bank**") and COVEGA CORPORATION, a Delaware corporation ("**Grantor**").

RECITALS

A. Bank has agreed to make certain advances of money and to extend certain financial accommodation to Grantor (the "**Loans**") in the amounts and manner set forth in that certain Loan and Security Agreement by and between Bank and Grantor dated of even date herewith (as the same may be amended, modified or supplemented from time to time, the "**Loan Agreement**"; capitalized terms used herein are used as defined in the Loan Agreement).

B. Bank is willing to extend and to continue to extend financial accommodations to Grantor, but only upon the condition, among others, that Grantor shall grant to Bank a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantor under the Loan Agreement.

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

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

AGREEMENT

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

This security interest is granted in conjunction with the security interest granted to Bank under the Loan Agreement. The rights and remedies of Bank with respect to the security interest granted hereby are in addition to those set forth in the Loan Agreement and the other Loan Documents, and those which are now or hereafter available to Bank as a matter of law or equity. Each right, power and remedy of Bank provided for herein or in the Loan Agreement or any of the Loan Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Bank of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Loan Agreement or any of the other Loan Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Bank, of any or all other rights, powers or remedies.

Grantor represents and warrants that Exhibits A, B, and C attached hereto set forth any and all intellectual property rights in connection to which Grantor has registered or filed an application with either the United States Patent and Trademark Office or the United States Copyright Office, as applicable.

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


Address of Grantor:

10335 Guilford Road
Jessup, MD 20794

Attention: Joseph T. Dixon, CEO

GRANTOR:

COVEGA CORPORATION

By: 
Title: CEO

Address of Bank:

406 Blackwell Street
Suite 240
Durham, NC 27701

Attention:

BANK:

SQUARE 1 BANK

By: 
Title: V.P.

EXHIBIT A
COPYRIGHTS

Description	Registration Number	Registration Date
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598279 v4/HN

TRADEMARK
REEL: 003535 FRAME: 0230

EXHIBIT B**PATENTS**

Description	Registration/ Publication Number	Registration/ Publication Date
Methods and device for high power, depolarized superluminescent diodes	7,050,222 (10/851,179)	05/23/06
Optical modulators with coplanar-waveguide-to-coplanar-strip electrode transitions	7,027,668 (10/427,982)	04/11/06
Waveguide modulators having bias control with reduced temperature dependence	6,978,056 (10/454,077)	12/20/05
Laser diode	6,314,117 ¹	11/06/01
SO device with improved efficiency and output beam	6,600,847 ¹	07/29/03
Apparatus for externally modulating 2 optical channels at same time	6,330,098 ²	12/11/01
Optical modulator having coplanar electrodes for controlling chirp	6,381,379 ²	04/30/02
Optical modulator having coplanar electrodes for controlling chirp	6,526,186 ¹	02/25/03
Variable chirp modulator having three-arm interferometer	6,393,166 ²	05/21/02
Optical modulator with programmable chirp	6,795,595 ²	09/21/04
Resonant optical modulators with zero chirp	6,504,640 ²	01/07/03
Modulation systems using dual channel optical modulators	6,493,127 ²	12/10/02
Low-loss electrode structures for optical modulation applications	6,429,959 ²	08/06/02
Low-loss electrode structures using resistive connections for optical modulation applications	6,643,048 ²	11/04/03
Loss prevention structures for optical modulation applications	6,646,781 ²	11/11/03
Buffer layer structures for stabilization of a lithium niobate device	6,654,512 ²	11/25/03
Buffer layer structures for stabilization of a lithium niobate device	6,661,934 ²	12/09/03
Fiber tail assembly with optical signal tap	6,795,620 ²	09/21/04
Semiconductor devices w/curved waveguides and mode transformers	10/270,370	10/15/02

598279 v4/HN

Description	Registration/ Publication Number	Registration/ Publication Date
SOA with low polarization gain dependency	10/323,630	12/20/02
Methods and devices for amplifying optical signals using a depolarizer	7,002,733	2/21/06
Superluminescent diodes having high output power and reduced internal reflections	10/919,112	08/16/04
A semiconductor optical amplifier having a non-uniform injection current density	11/346,526	02/03/05
Hermetically sealed fiber tail assembly	10/083,464	02/27/02
Method and apparatus for co-axial alignment	10/208,744	08/01/02
A Low Polarization Gain-Dependent SOA w/ Variable Residual Cladding Layer Thickness	10/767,651	1/29/2004

¹In the name of Quantum Photonics, Inc.

²In the name of Codeon Corporation

EXHIBIT C
TRADEMARKS

Description	Registration/ Application Number	Registration/ Application Date
COVEGA	3,057,668	02/07/06
Parc Platform	78/149,790	08/01/02
C (and design)	2,595,563	07/16/02
Codeon	2,589,604	07/02/02
Bandwidth Begins Here	2,475,717	08/07/01
Mach-40	2,622,000	09/17/02
Mach-10	2,595,339	07/16/02
Quantum Photonics	2,349,532	05/16/00
(design)*	78/149,795	08/01/02
COVEGA*	78/221,488	03/04/03

* These applications have been abandoned.