

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 |
| CIRRASCALE CORPORATION | | 06/07/2011 | CORPORATION: CALIFORNIA |
| RECEIVING PARTY DATA | | | |
| Name: | VINDRAUGA CORPORATION | | |
| Street Address: | 1565 Hotel Circle South, Suite 310 | | |
| City: | San Diego | | |
| State/Country: | CALIFORNIA | | |
| Postal Code: | 92108 | | |
| Entity Type: | CORPORATION: CALIFORNIA | | |
| PROPERTY NUMBERS Total: 2 | | | |
| Property Type | Number | Word Mark | |
| Serial Number: | 85112278 | CIRRASCALE | |
| Serial Number: | 85112291 | CIRRASCALE | |
| CORRESPONDENCE DATA | | | |
| Fax Number: | (619)615-0325 | | |
| | <i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i> | | |
| Phone: | 619-685-3050 | | |
| Email: | sweeney@scmv.com | | |
| Correspondent Name: | Jason Sweeney, Esq. | | |
| Address Line 1: | 750 B Street, Ste 2100 | | |
| Address Line 4: | San Diego, CALIFORNIA 92101 | | |
| NAME OF SUBMITTER: | Jason Sweeney | | |
| Signature: | /Jason Sweeney/ | | |
| Date: | 06/08/2011 | | |
| Total Attachments: 24 | | | |

CH \$65.00 85112278

900193883

**TRADEMARK
 REEL: 004556 FRAME: 0786**

source=Security Agreement - Executed#page1.tif
source=Security Agreement - Executed#page2.tif
source=Security Agreement - Executed#page3.tif
source=Security Agreement - Executed#page4.tif
source=Security Agreement - Executed#page5.tif
source=Security Agreement - Executed#page6.tif
source=Security Agreement - Executed#page7.tif
source=Security Agreement - Executed#page8.tif
source=Security Agreement - Executed#page9.tif
source=Security Agreement - Executed#page10.tif
source=Security Agreement - Executed#page11.tif
source=Security Agreement - Executed#page12.tif
source=Security Agreement - Executed#page13.tif
source=Security Agreement - Executed#page14.tif
source=Security Agreement - Executed#page15.tif
source=Security Agreement - Executed#page16.tif
source=Security Agreement - Executed#page17.tif
source=Security Agreement - Executed#page18.tif
source=Security Agreement - Executed#page19.tif
source=Security Agreement - Executed#page20.tif
source=Security Agreement - Executed#page21.tif
source=Security Agreement - Executed#page22.tif
source=Security Agreement - Executed#page23.tif
source=Security Agreement - Executed#page24.tif

SECURITY AGREEMENT
(Blanket)

This SECURITY AGREEMENT ("Agreement") is made as of June 7, 2011 by and between VINDRAUGA CORPORATION, a California corporation ("Secured Party"), with its principal place of business at 1565 Hotel Circle South, Suite 310, San Diego, California 92108 and CIRRASCALE CORPORATION, a California corporation ("Debtor"), with its principal office at 12140 Community Road, Poway, California 92064, with reference to the following facts:

A. Debtor has obtained a loan ("Loan") from Secured Party and in connection therewith has executed and delivered a Promissory Note dated June 7, 2011 (the "Note") in favor of Secured Party. Except as otherwise provided in this Agreement, terms with initial capital letters herein shall have the same meanings as set forth in the Note and that certain Loan Agreement, dated June 7, 2011 (the "Loan Agreement"). The Loan Agreement and all other documents executed by Borrower or any other party in connection with evidencing or securing the Loan are collectively referred to herein as the "Loan Documents."

B. Secured Party requires as a condition to making the Loan that Debtor grant certain security interests to Secured Party for purposes of securing all of the obligations to be performed by Debtor pursuant to the Loan Documents and pursuant to any other credit accommodations extended by Secured Party to Debtor.

C. Secured Party is willing to make the Loan to Debtor, subject to and in accordance with the provisions and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, with reference to the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions. Unless otherwise defined herein, all capitalized terms used herein shall have the meaning ascribed to them in Exhibit "A" attached hereto and incorporated herein by this reference. All terms defined in the UCC and used without capitalization herein shall have the same definitions as specified therein, and definitions in Article 9 of the UCC shall prevail over any definitions in other Articles of the UCC.

2. Obligations. This Agreement and the Collateral shall secure the payment and performance of all present and future Obligations of Debtor to Secured Party. The term "Obligations" is used herein in its most comprehensive sense and includes all obligations of Debtor to Secured Party under this Agreement and the Loan Documents and all other loans, advances, indebtedness, obligations, covenants, undertakings, liabilities (including, without limitation, costs and expenses incurred by Secured Party in enforcing its rights under this Agreement), credit and other financial accommodations extended by Secured Party to Debtor, of any kind and nature, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, absolute or contingent, liquidated or unliquidated, determined or undetermined, whether or not same are from time to time reduced or extinguished and thereafter increased or incurred, whether Debtor may be liable individually or with others and

whether or not presently contemplated by the parties on the date hereof.

3. Grant of Security Interest. Debtor hereby grants to Secured Party a continuing security interest in, a lien upon, and a right of set off against, and hereby pledges and assigns to Secured Party as security, all of Debtor's personal and fixture property, and interests therein, of every kind and nature, whether now owned or hereafter acquired or arising, and wherever located, including all of the following properties, assets and rights of Debtor (together with all other collateral security for the Obligations at any time granted to or held or acquired by Secured Party, collectively, the "Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Commercial Tort Claims;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all Equipment;
- (g) all Fixtures;
- (h) all General Intangibles;
- (i) all Goods;
- (j) all Instruments;
- (k) all Investment Property;
- (l) all Inventory;
- (m) all Letter-of-Credit Rights;
- (n) all Supporting Obligations;
- (o) all of Debtor's other personal property and rights of every kind and description and interests therein;
- (p) all property delivered to Secured Party by Debtor or other of Debtor's property that shall otherwise be in Secured Party's possession or control in any manner or for any purpose;
- (q) all books, records, writings, data bases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing; and

(r) all Proceeds, products, substitutes and replacements of such property; all additions, attachments and Accessions to any of the foregoing; and all property which Debtor may receive on account of and from any and all of the foregoing.

For avoidance of doubt it is expressly understood and agreed that the Collateral is intended to consist of all personal and fixture property of Debtor, and to the extent the UCC is revised subsequent to the date hereof such that the definition of any of the foregoing terms included in the description of Collateral is changed, the parties agree that any property which is included in such changed definitions which would not otherwise be included in the foregoing grant on the date hereof be included in such grant immediately upon the effective date of such revision, it being the intention of the parties hereto that the description of Collateral set forth herein be construed to include the broadest possible range of property and assets and all tangible and intangible personal property and fixtures of Debtor of every kind and description.

4. Perfection of Security Interests.

4.1 Authorization to File Financing Statements. Debtor irrevocably and unconditionally authorizes Secured Party (or its agent) to file, at any time and from time to time, such financing statements with respect to the Collateral naming Secured Party or its designee as the secured party and Debtor as debtor, as Secured Party may require, and including any other information with respect to Debtor or otherwise required by the UCC, together with any amendment and continuations with respect thereto, which authorization shall apply to all financing statements filed on, prior to or after the date hereof. Debtor also ratifies Secured Party's filing of any initial financing statements or amendments thereto, if same were filed prior to the date hereof, and ratifies and confirms the authorization of Secured Party to file such financing statements (and amendments, if any). In the event that the description of the collateral in any financing statement naming Secured Party or its designee as the secured party and Debtor as debtor includes assets and properties of Debtor that do not at any time constitute Collateral, the filing of such financing statement shall nonetheless be deemed authorized by Debtor to the extent of the Collateral included in such description and it shall not render the financing statement ineffective as to any of the Collateral or otherwise affect the financing statement as it applies to any of the Collateral. In no event shall Debtor at any time file, or permit or cause to be filed, any correction statement or termination statement with respect to any financing statement (or amendment or continuation with respect thereto) naming Secured Party or its designee as secured party and Debtor as debtor.

4.2 Other Matters. To ensure the attachment, perfection and first priority of, and the ability of Secured Party to enforce Secured Party's security interests in the Collateral, Debtor shall, in each case at Debtor's own expense, take the following actions with respect to the following Collateral:

(a) Instruments and Tangible Chattel Paper. If Debtor now or hereafter at any time holds or acquires any Instruments or tangible Chattel Paper, Debtor shall forthwith endorse, assign and deliver the same to Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as Secured Party may from time to time specify.

(b) Electronic Chattel Paper and Transferrable Records. If Debtor at any time holds or acquires an interest in any Electronic Chattel Paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, Debtor shall promptly notify Secured Party thereof and, at Secured Party's request and option, shall take such action as Secured Party may reasonably request to vest in Secured Party "control," as such term is defined in the UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(c) Deposit Accounts. For each Deposit Account that Debtor now or hereafter at any time opens or maintains, Debtor shall, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) cause the depository bank to agree to comply at any time with instructions from Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of Debtor, or (ii) arrange for Secured Party to become the customer of the depository bank with respect to the deposit account, with Debtor being permitted, only with the consent of Secured Party, to exercise rights to withdraw funds from such deposit account. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from Secured Party to Debtor may at any time be applied to or set off against any of the Obligations then due and owing.

(d) Investment Property. If Debtor now or hereafter at any time holds or acquires any certificated securities, Debtor shall forthwith endorse, assign and deliver the same to Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as Secured Party may from time to time specify. If any securities now or hereafter acquired by Debtor are uncertificated and are issued to Debtor or its nominee directly by the issuer thereof, Debtor shall immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) cause the issuer to agree to comply with instructions from Secured Party as to such securities, without further consent of Debtor or such nominee, or (ii) arrange for Secured Party to become the registered owner of the securities. If any securities or other investment property now or hereafter acquired by Debtor are held by Debtor or its nominee through a securities intermediary or commodity intermediary, Debtor shall immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an account control agreement in form and substance satisfactory to Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by Secured Party to such commodity intermediary, in each case without further consent of Debtor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for Secured Party to become the entitlement holder with respect to such investment property, with Debtor being permitted, only with the advance written consent of Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. Debtor hereby acknowledges that Secured Party

may, in its discretion, appoint one or more financial institutions to act as Secured Party's agent in holding in custodial account instruments or other financial assets in which Secured Party is granted a security interest hereunder, including certificates of deposit and other instruments evidencing short term obligations. Secured Party may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or, following and during the continuance of an Event of Default, apply it to the Obligations.

(e) Collateral in the Possession of a Bailee. Debtor shall not authorize, cause or permit the issuance of any document of title representing any right, title or interest in and to any Goods, unless same are forthwith issued to and turned over to Secured Party so Secured Party shall continue to have a perfected security interest in such Goods. Debtor shall not otherwise store any Goods with a bailee, without first obtaining the bailee's written acknowledgment that it holds the Goods for Secured Party and shall act upon the instructions of Secured Party, without the further consent of Debtor.

(f) Letter-of-Credit Rights. If Debtor is at any time a beneficiary under a letter of credit now or hereafter issued in favor of Debtor, Debtor shall promptly notify Secured Party thereof and, at Secured Party's request and option, Debtor shall, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Secured Party of the proceeds of any drawing under the letter of credit or (ii) arrange for Secured Party to become the transferee beneficiary of the letter of credit, with Secured Party agreeing, in each case, that the proceeds of any drawing under the letter to credit are to be applied to the Obligations.

(g) Commercial Tort Claims. If Debtor shall at any time hold or acquire a Commercial Tort Claim, Debtor shall immediately notify Secured Party in a writing signed by Debtor of the brief details thereof, and such notification shall constitute Debtor's agreement and acknowledgment that such Commercial Tort Claim is and shall remain part of the Collateral.

(h) Other Actions as to any and all Collateral. Debtor shall take any other actions as Secured Party may reasonably deem necessary or appropriate, wherever required or permitted by law in order to perfect and preserve the rights and interests granted to Secured Party hereunder and to otherwise cause the attachment, perfection and first priority of, and the ability of Secured Party to enforce, the security interest of Secured Party in any and all of the Collateral, including, without limitation, (i) authorizing, executing (to the extent, if any, that Debtor's signature thereon is required therefor), delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC or other applicable law, (ii) causing Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, the security interest of Secured Party in such Collateral, (iii) authorizing, executing (to the extent, if any, that Debtor's signature thereon is required therefor), delivering and, where appropriate, filing such additional assignments, agreements, powers and instruments, as Secured Party may reasonably require to carry into effect the purposes of this Agreement or better to assure and confirm unto Secured Party its respective rights, powers and remedies hereunder; (iv) complying with any provision of any statute, regulation or treaty of the

United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, the security interest of Secured Party in such Collateral, and (v) obtaining the consents and approvals of any governmental authority or third party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and taking all actions required by any earlier versions of the UCC or by other law, as applicable in any relevant jurisdiction.

5. Debtor's Representations and Warranties. Debtor hereby represents and warrants, which representations and warranties shall survive the execution and delivery of this Agreement, to Secured Party as follows:

5.1 Ownership of Collateral. Except for Permitted Encumbrances and the security interest created by this Agreement, Debtor is the owner of the Collateral, free from any adverse lien, security interest or other encumbrance.

5.2 First Priority Lien. The security interest granted to Secured Party under this Agreement will constitute a first priority liens on the Collateral upon perfection and Debtor's grant of such security interest to Secured Party does not constitute a fraudulent conveyance under any applicable law.

5.3 Legal Name. The exact legal name of Debtor is as set forth on the signature page of this Agreement. Except as otherwise disclosed to Secured Party on the Perfection Certificate attached hereto as Exhibit "B" (the "Perfection Certificate"), Debtor has not, during the past five (5) years, been known by or used any other name or fictitious name or been a party to any merger or consolidation, or acquired all or substantially all of the assets of any Person, or acquired any of its property or assets out of the ordinary course of business except that Debtor was previously named Verari Technologies, Inc. and is majority owned by VS Acquisition Co LLC .

5.4 Chief Executive Office. The chief executive office and mailing address of Debtor and Debtor's records concerning Accounts are currently located and for the past five years have only been located at the address set forth in the opening recital of this Agreement except that the Debtor relocated from 9449 Carroll Park Drive, San Diego, CA, 92121 in December 2010 to its current location.

5.5 Financing Statements. Except for financing statements in favor of Secured Party and/or those filed prior to the date hereof related to the Permitted Encumbrances, there is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction) now on file (other than those filed in connection with this Agreement) or registered in any public office covering or purporting to cover any interest of any kind in the Collateral.

5.6 No Defenses. No defenses, offsets, claims, or counterclaims exist against Debtor that may be asserted against Secured Party in any proceeding to enforce Secured Party's rights in the Collateral.

5.7 Organization. Debtor is a corporation duly organized, validly existing,

registered and in good standing under the laws of the State of California.

5.8 Due Authority; Binding Agreement. Debtor has the power and authority to own the Collateral, to incur the Obligations and to enter into and perform this Agreement and all other Loan Documents, documents and instruments delivered in connection herewith. Debtor has duly executed and delivered this Agreement and the other Loan Documents, and this Agreement and each of the other Loan Documents constitute Debtor's legal, valid and binding obligation enforceable against Debtor in accordance with their its provisions and conditions upon execution.

5.9 No Conflicts. Neither the execution, delivery or performance by Debtor of this Agreement or any of the other Loan Documents, nor compliance by it with the provisions and conditions hereof or thereof, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality or (b) will conflict or be inconsistent with or result in any breach of any of the provisions or conditions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of its property or assets pursuant to any indenture, mortgage, deed of trust, credit agreement, security agreement or any other agreement, contract or instrument (including Debtor's organizational documents and other agreement by and among the constituent owners or other interest holders of Debtor, if any) to which it is a party or by which it or any of its property or assets is bound or to which it may be subject.

5.10 No Consents Required. Except as have been obtained or made prior to the date of this Agreement, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person, is required to authorize, or is required in connection with (a) Debtor's execution, delivery and performance of this Agreement or any of the other Loan Documents or (b) the legality, validity, binding effect or enforceability hereof or thereof.

5.11 Accuracy. No representation, warranty or statement by Debtor contained herein or in any other certificate or other document furnished or to be furnished by Debtor hereunder or in connection with the Loan contains or at the time of delivery shall contain any untrue statement of material fact, or omits, or shall omit, at the time of delivery, to state a material fact necessary to make it not misleading.

6. Debtor's Covenants.

6.1 Debtor's Legal Status. Without providing at least thirty (30) days prior written notice to Secured Party, Debtor shall not change its name, its place of business (or, if more than one, its chief executive office), its mailing address, its federal tax identification number or its organizational identification number (if it has one). If Debtor does not have a federal tax identification number or organizational identification number and later obtains one, Debtor shall promptly notify Secured Party of the same. Debtor shall not change its type of organization, jurisdiction of organization or other legal structure.

6.2 Location of Collateral. The Collateral, to the extent not delivered to

Secured Party pursuant to this Agreement, shall be kept at those locations listed on the Perfection Certificate, and Debtor shall not remove the Collateral therefrom without providing at least thirty (30) days prior written notice to Secured Party.

6.3 Disposition of Collateral. Debtor shall not sell, lease, transfer, or otherwise dispose of all or any substantial part of the Collateral, except the Collateral sold, leased, transferred or disposed in the ordinary course of business. Any transfers or other disposition of Collateral made in contemplation of or during Debtor's insolvency shall be deemed outside the ordinary course of business. Any transfers or other dispositions of Collateral during any six (6) month period that, individually have a value in excess of \$10,000 or, in the aggregate, have a value in excess of \$30,000, shall be deemed outside the ordinary course of business. Any sale, lease, transfer or other disposition of all or any part of the Collateral outside the ordinary course of business shall require the prior written consent of Secured Party, which consent may be conditioned, withheld or delayed by Secured Party in its sole and absolute discretion.

6.4 Liens. Except for the Permitted Encumbrances or as otherwise permitted under the provisions and conditions of this Agreement, Debtor shall not (a) create, incur, assume or permit to exist any lien, security interest or encumbrance on any existing or future item of Collateral, other than interests in favor of Secured Party as contemplated hereunder, or (b) enter into or assume any agreement containing a negative pledge which would require a sharing of an interest in the Collateral or which prohibits or limits the grant of any such interest. Debtor shall not alter, amend or modify any documents or instruments related to or arising out of the Permitted Encumbrances without the prior written consent of Secured Party, which consent may be conditioned, withheld or delayed by Secured Party in its sole and absolute discretion.

6.5 Financing Statements. Debtor shall not execute or authorize to be filed (except in connection with this Agreement) or registered in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral.

6.6 Defense of Collateral. Debtor shall defend the Collateral and Proceeds thereof against all claims and demands of all Persons other than Secured Party at any time claiming any superior or adverse interest therein and shall indemnify, defend and hold Secured Party harmless from all such claims and demands.

6.7 Good Repair. Debtor shall take adequate care of the Collateral and maintain all of it in good working order and repair.

6.8 Insurance. Debtor shall insure the Collateral with companies acceptable to Secured Party. Such insurance shall be in an amount not less than the fair market value of the Collateral and shall be against such casualties, with such deductible amounts as Secured Party shall approve. At a minimum, Debtor shall carry fire, casualty, and loss of income insurance on all its business and assets, including all items of Collateral. All insurance policies shall be written for the benefit of Debtor and Secured Party as their interests may appear, payable to Secured Party as loss payee, or in other form satisfactory to Secured Party, and such policies or certificates evidencing the same shall be furnished to Secured Party. All policies of insurance

shall provide for written notice to Secured Party at least thirty (30) days prior to cancellation. Risk of loss or damage is Debtor's to the extent of any deficiency in any effective insurance coverage.

6.9 Fixtures and Accessions. Debtor shall not allow any Collateral to become affixed to real estate, become an Accession to other property or become part of a product or mass, without first providing Secured Party with all waivers and consents Secured Party deems necessary or desirable to make its security interest therein valid against, and superior to, the rights of all parties holding interests in the real estate or other property.

6.10 Compliance with Laws. Debtor shall, at all times, comply in all material respects with all laws, rules, regulations, licenses, permits, approvals and orders of any federal, state or local governmental authority applicable to it.

6.11 Payment of Taxes and Claims. Debtor shall promptly pay when due, any and all taxes, assessments and governmental charges upon the Collateral prior to the date penalties are attached thereto, except to the extent that such taxes, assessments and charges shall be contested in good faith by Debtor, adequate reserves have been set aside therefor, and payment of such contested taxes made prior to the institution of any enforcement proceeding which could adversely affect the security interests or the Collateral.

6.12 Inspection. At Debtor's cost and expense, Debtor shall (a) promptly furnish Secured Party any information with respect to the Collateral requested by Secured Party, (b) allow Secured Party or its representatives to inspect the Collateral, at any time and wherever located, and to inspect and copy, or furnish Secured Party or its representatives with copies of, all records relating to the Collateral and the Obligations, and (c) promptly furnish Secured Party or its representatives such information as Secured Party may request to identify the Collateral, at the time and in the form requested by Secured Party.

6.13 Notice of Adverse Conditions. Debtor shall promptly notify Secured Party in writing of the details of (a) any threat, loss, damage, investigation, action, suit, proceeding or claim relating to the Collateral or any other property which is security for the Obligations or which would result in any material adverse change in Debtor's business, properties, assets, goodwill or condition, financial or otherwise and (b) the occurrence of any Event of Default or event which, with the passage of time or giving of notice or both, would constitute an Event of Default.

6.14 Intangibles. Debtor shall not extend the time for payment of any Account, Instrument or Chattel Paper or otherwise modify, amend, or impair any of the terms of any such Collateral. Debtor shall promptly notify Secured Party of any disputes that shall arise in connection with any such Collateral or if any obligation therein is not paid when due, or if any petition in bankruptcy or under any other insolvency act for the relief of debtors with respect to an Account Debtor is filed, or if an Account Debtor makes an assignment for the benefit of creditors, becomes insolvent, or ceases to carry on its business, or if Debtor has notice of any facts or circumstances that could reasonably be expected to have a material adverse effect upon the ability of an Account Debtor to pay its obligations on any such Collateral. Debtor shall endorse and transfer possession of all Instruments, Documents and Chattel Paper now part of the

Collateral to Secured Party immediately, and as to those hereafter acquired, immediately following acquisition. Debtor shall perfect a security interest (using a method satisfactory to Secured Party) in all Goods covered by Chattel Paper.

6.15 Accounts. Debtor shall, at its expense, and subject at all times to Secured Party's right to give reasonable directions and instructions, to collect or cause to be collected from its Account Debtors, as and when due, any and all amounts owing under or on account of each of its Accounts. Debtor hereby unconditionally and irrevocably grants Secured Party the right at any time, in Secured Party's name or in the name of a nominee of Secured Party, to verify the validity, amount or any other matter relating to any Account or other Collateral, by mail, telephone, facsimile transmission or otherwise.

6.16 Sale of Assets, Consolidation, Merger, Dissolution, Etc. Debtor shall not, directly or indirectly (a) merge into or with or consolidate with any other Person or permit any other Person to merge into or with or consolidate with it, or (b) sell, assign, lease, transfer, abandon or otherwise dispose of any stock or indebtedness to any other Person or any of its assets to any other Person (except for (i) sales of Inventory in the ordinary course of business and (ii) the disposition of worn-out or obsolete Equipment or Equipment no longer used in the business of Debtor so long as (A) if an Event of Default exists or has occurred and is continuing, any Proceeds are paid to Secured Party and (B) such sales do not involve Equipment having an aggregate fair market value in excess of \$10,000 for all such Equipment disposed of in any fiscal year of Debtor), or (c) form or acquire any subsidiaries, or (d) wind up, liquidate or dissolve or (e) agree to do any of the foregoing.

7. Protection and Preservation of Collateral.

7.1 Right to Cure Debtor's Defaults. Whether or not an Event of Default has occurred, Secured Party may, at its option, (a) cure any default by Debtor under any agreement with a third party that affects the Collateral, its value or the ability of Secured Party to collect, sell or otherwise dispose of the Collateral or the rights and remedies of Secured Party therein or the ability of Debtor or any obligor under any of the other Loan Document to perform its obligations hereunder or under any of the Loan Documents, (b) pay or bond on appeal any judgment entered against Debtor, (c) discharge taxes, liens, security interests or other encumbrances at any time levied on or existing with respect to the Collateral and (d) pay any amount, incur any expense or perform any act which, in Secured Party's judgment, is necessary or appropriate to preserve, protect, insure or maintain the Collateral and the rights of Secured Party with respect thereto. Secured Party may add any amounts so expended to the Obligations and charge Debtor's account therefor, such amounts to be repayable by Debtor on demand. Secured Party shall be under no obligation to effect such cure, payment or bonding and shall not, by doing so, be deemed to have assumed any obligation or liability of Debtor or any other obligor under the Loan Documents. Any payment made or other action taken by Secured Party under this Section shall be without prejudice to any right to assert an Event of Default hereunder and to proceed accordingly.

7.2 Secured Party's Obligations and Duties; Generally. Notwithstanding any other provision of this Agreement, Debtor shall remain liable under each Contract or agreement comprised in the Collateral to be observed or performed by Debtor thereunder. Secured Party

shall not have any obligation or liability under any such Contract or agreement by reason of or arising out of this Agreement or the receipt by Secured Party of any payment relating to any of the Collateral, nor shall Secured Party be obligated in any manner to perform any of the obligations of Debtor under or pursuant to any such Contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such Contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to Secured Party or to which Secured Party may be entitled at any time or times. Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under the applicable provisions of the UCC or otherwise, shall be to deal with such Collateral in the same manner as Secured Party deals with similar property for its own account.

8. Power of Attorney.

8.1 Appointment and Powers of Secured Party. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Debtor or in Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following:

(a) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the UCC and as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do at Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do, including (i) the filing and prosecuting of registration and transfer applications with the appropriate federal or local agencies or authorities with respect to Trademarks, Copyrights and patentable inventions and processes, (ii) upon written notice to Debtor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if Secured Party so elects, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that Debtor's authorization given in Section 4.1 is not sufficient, to file such financing statements with respect hereto, with or without Debtor's signature, or a photocopy of this Agreement in substitution for a financing statement, as Secured Party may deem appropriate and to execute in Debtor's name such financing statements and amendments thereto and continuation statements which may require Debtor's signature.

8.2 Ratification by Debtor. To the extent permitted by law, Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

8.3 No Duty of Secured Party. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for Secured Party's own gross negligence or willful misconduct.

9. Default.

9.1 Events of Default. Debtor shall be in default under this Agreement and an event of default (an "Event of Default") shall exist hereunder upon the occurrence of any one or more of the following events or conditions, subject to the notice and cure rights in Section 9.2:

(a) Debtor shall be in default in the payment or performance of any of the Obligations;

(b) Debtor shall be in default in the observance or performance of any covenant or agreement herein set forth or set forth in the Loan Documents or any other agreement, note, or instrument, heretofore, now, or hereafter executed by Debtor in favor of Secured Party.

(c) Any representation, warranty, certificate, schedule, or other information made or furnished by Debtor to Secured Party is or shall be untrue or materially misleading.

(d) The occurrence of loss, theft, damage, or destruction of any material portion of the Collateral for which there is either no insurance coverage or for which, in the reasonable opinion of Secured Party, there is insufficient insurance coverage.

(e) A notice of lien, levy or assessment, is filed of record with respect to all or any part of the Collateral by any Person.

(f) The occurrence of an "Event of Default" under and as defined in any other Loan Document.

(g) Debtor shall become insolvent or shall admit its inability to pay its debts as they become due; make an assignment for the benefit of creditors; apply for, consent to or acquiesce in the appointment of a trustee, receiver, liquidator, conservator or custodian for it or for a substantial part of its property or business; or commence any action or proceeding to effect any of the foregoing.

(h) Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against Debtor.

9.2 Cure Rights. Secured Party shall give Debtor a written notice of an Event of Default. Debtor shall rectify the default to the satisfaction of Secured Party within three (3) days after receipt of such notice for an Event of Default that involves a monetary Event of Default and within five (5) days after receipt of such notice for any other (non-monetary) Event of Default; provided, however, the foregoing shall not be construed to create an additional cure period for an Event of Default in addition to the cure rights set forth in the other Loan Documents.

10. Remedies.

10.1 Generally. Upon the occurrence of an Event of Default, Secured Party may, without notice to or demand upon Debtor, declare this Agreement to be in default. Secured Party shall have, in addition to any other rights and remedies contained in this Agreement, the Loan Documents or any other agreements, guarantees, notes, instruments, and documents heretofore, now, or at any time hereafter executed by Debtor and delivered to Secured Party, all of the rights and remedies of a secured party under the UCC as of the date of this Agreement, all of which rights and remedies shall be cumulative, and nonexclusive, to the extent permitted by law.

10.2 Notification to Account Debtors and Other Persons Obligated on Collateral. Upon the occurrence of an Event of Default, Debtor shall, at the request and option of Secured Party, notify Account Debtors and other Persons obligated on any of the Collateral of the security interest of Secured Party in any Account, Chattel Paper, General Intangible, Instrument or other Collateral and that payment thereof is to be made directly to Secured Party or to any financial institution designated by Secured Party as Secured Party's agent therefor, and Secured Party may itself, if an Event of Default shall have occurred and be continuing, without notice to or demand upon Debtor, so notify Account Debtors and other Persons obligated on Collateral. After the making of such a request or the giving of any such notification, Debtor shall hold any Proceeds of collection of Accounts, Chattel Paper, General Intangibles, Instruments and other Collateral received by Debtor as trustee for Secured Party without commingling the same with other funds of Debtor and shall immediately turn the same over to Secured Party in the identical form received, together with any necessary endorsements or assignments. Secured Party shall apply such Proceeds and other Collateral received by Secured Party to the Obligations.

10.3 Other Remedies. To the extent Debtor can give authority therefor, Debtor hereby irrevocably authorizes Secured Party to, at any time following the occurrence of an Event of Default, enter upon any premises on which the Collateral may be situated and remove the Collateral therefrom. Secured Party may in its discretion require Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of Debtor's principal office(s) or at such other locations as Secured Party may reasonably designate. Secured Party may demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to any Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party shall give to Debtor at least five (5) business days' prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made (and Debtor hereby acknowledges that such notice constitutes reasonable notice). In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the

enforcement of any of Secured Party's rights hereunder, including its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto. Secured Party shall have the right to set off, without notice to Debtor, any and all deposits or other sums at any time credited by or due from Secured Party to Debtor, whether in a special account or other account or represented by a certificate of deposit (whether or not matured). The commencement of any action, legal or equitable, shall not affect the security interest of Secured Party in the Collateral until the Obligations hereunder or any judgment therefor are fully paid.

10.4 Standards for Exercising Remedies. To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, Debtor acknowledges and agrees that it is not commercially unreasonable for Secured Party (a) to fail to incur expenses reasonably deemed significant by Secured Party to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. Debtor acknowledges that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Secured Party would not be commercially unreasonable in Secured Party's exercise of remedies against the Collateral and that other actions or omissions by Secured Party shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to Debtor or to impose any duties on Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

10.5 Marshaling. Secured Party shall not be required to marshal any present or future collateral security (including this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of

such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully can do so, Debtor hereby agrees that it shall not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Secured Party's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully can do so, Debtor hereby irrevocably waives the benefits of all such laws.

10.6 Additional Waivers by Debtor. Debtor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Secured Party may deem advisable. Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 7.2. Debtor further waives any and all other suretyship defenses.

10.7 Proceeds of Dispositions; Expenses. Debtor shall pay to Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Secured Party in protecting, preserving or enforcing Secured Party's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as Secured Party may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by the UCC, Secured Party shall deliver any surplus realized upon such sale or other disposition and Debtor shall remain liable for any deficiency.

11. Indemnity.

11.1 General Indemnity. Debtor shall indemnify, defend and hold Secured Party and its officers, directors, employees, agents, and affiliates (collectively, the "Indemnitees" and individually an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees are designated parties thereto) that may be imposed on, incurred by, or asserted against the Indemnitees, in any manner relating to or arising out of the Agreement or out of any undertaking or proceeding related to any of the transactions contemplated hereby or any act, omission, event or transaction related or attendant thereto, including amounts paid in settlement, court costs, and

the fees and expenses of counsel (collectively, the "Indemnified Liabilities"); *provided, however*, that Debtor shall have no obligation to an Indemnitee hereunder with respect to Indemnified Liabilities arising from the negligence or willful misconduct of that Indemnitee.

11.2 Reimbursements. Without limiting the generality of the foregoing, Debtor agrees to pay or reimburse Secured Party for any and all fees, costs and expenses of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel) incurred in connection with Secured Party's rights under Section 7.1 hereof, entitled "7.1 Right to Cure Debtor's Defaults," and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and Secured Party's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

11.3 Unenforceability. To the extent that the indemnification and defense provisions set forth in this Section may be unenforceable under applicable law or public policy, Debtor shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnitees or any of them.

11.4 Obligation Secured by Collateral. Any amounts paid by any Indemnitee hereunder as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral.

11.5 Survival. The provisions of this Article 11 shall survive the termination of this Agreement and the discharge of Debtor's other obligations hereunder.

12. General Provisions.

12.1 Waiver. No provision or condition of this Agreement may be waived except by an instrument duly executed by the waiving party. No delay or failure by Secured Party in exercising any of its rights, remedies, powers or privileges under this Agreement and no custom, practice or course of dealing between the parties or any other person shall be deemed a waiver by Secured Party of any such rights, remedies, powers or privileges, even if such delay or failure is continuous or repeated. No single or partial exercise of any right, remedy, power or privilege shall preclude any other or further exercise thereof by Secured Party or the exercise of any other right, remedy, power or privilege by Secured Party, including, without limitation, the right of Secured Party subsequently to demand strict compliance with the provisions and conditions of this Agreement.

12.2 Benefit. This Agreement shall be binding upon, and inure to the benefit of Debtor and Secured Party and their respective successors and assigns; *provided, however*, that Debtor may not assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of Secured Party. Secured Party may assign its rights and obligations under this Agreement to the same extent as it may assign their rights and obligations under the Loan Documents, in which event, upon notice thereof by Secured Party to Debtor, the assignee shall have, to the extent of such assignment (unless otherwise provided therein), the same rights and benefits as it would

have if it were a secured party hereunder and shall be deemed a secured party for all purposes of this Agreement. Except as provided in this Section, this Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

12.3 Severability. If all or any portion of any provision of this Agreement as applied to either party or to any circumstance shall be ruled by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall in no way affect (to the maximum extent permissible by applicable law) that provision or the remaining portions of that provision as applied to any parties or circumstances or any other provision of this Agreement or the validity or enforceability of this Agreement as a whole, all of which shall be enforced to the greatest extent permitted by applicable law.

12.4 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

12.5 Amendment. This Agreement, together with the Loan Documents, embodies the entire agreement and undertaking between Secured Party and Debtor and supersedes all prior agreements and understandings between Secured Party and Debtor relating to the subject matter hereof and thereof. The provisions of this Agreement may not be modified or amended except by an agreement in writing signed by the parties hereto or their permitted assigns.

12.6 Notices. All notices delivered pursuant to this Agreement shall be effective (a) if given by mail, upon the earlier of actual receipt by the recipient, the date shown on the return receipt of such mailing, or three (3) days after deposit in the mail; (b) if given by electronic transmission, upon the earlier of actual receipt by the recipient, the time that electronic confirmation of a successful transmission is received, or the date of transmission (if a confirming copy of the transmission is also mailed as described above on the date of transmission); and (c) if given by personal delivery, upon the earlier of actual receipt by the recipient, or the date that is confirmed by the courier.

12.7 Attorney's Fees. In any action arising under or in connection with this Agreement, the prevailing party in such action shall be awarded, in addition to other legal or equitable relief, its reasonable costs and expenses and reasonable attorneys' fees.

12.8 Effectiveness/Counterparts. This Agreement may be executed in any number of counterparts, all of which together will constitute one instrument. A signature of a party delivered by telecopy or other electronic communication shall constitute an original signature of such party for all purposes.

12.9 Time is of the Essence. Time is of the essence with respect to the performance and satisfaction of each of the provisions and conditions of this Agreement.

12.10 Governing Law. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of California without regard to the doctrine of

conflicts of laws. Sole and proper venue for any rights arising under or related to this Agreement shall be in the County of San Diego, State of California.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

DEBTOR:

CIRRASCALE CORPORATION,
a California corporation

By: 
Name: Dave Driggers
Title: CEO

SECURED PARTY:

VINDRAUGA CORPORATION,
a California corporation

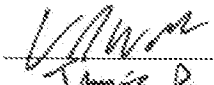
By: 
Name: James R. White
Title: Vice President

EXHIBIT A

DEFINITIONS

“Accounts” means any “account,” as such term is defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all accounts receivable, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to Debtor (including, without limitation, under any trade name, style or division thereof) whether arising out of goods sold or services rendered by Debtor or from any other transaction, whether or not the same involves the sale of goods or services by Debtor (including, without limitation, any such obligation which may be characterized as an account or contract right under the UCC).

“Account Debtor” means an “account debtor,” as such term is defined in the UCC.

“Accessions” means an “accession,” as such term is defined in the UCC.

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

“Commercial Tort Claims” means “commercial tort claims,” as defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires any interest.

“Contracts” means all contracts, undertakings, franchise agreements or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which Debtor may now or hereafter have any right, title or interest, including, without limitation, any and all right, title and interest of Debtor under any past, present or future fixed fee or contingency fee agreements or arrangements, client agreements, supply agreements, distribution agreements, rebate agreements, processing agreements, warehousing agreements or royalty agreements and shall include, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

“Copyright License” means any agreement granting any right to use any Copyright or Copyright registration (whether Debtor is the licensee or the licensor thereunder), now owned or hereafter acquired by Debtor, including, without limitation, licenses pursuant to which Debtor has obtained the exclusive right to use a copyright owned by a third party.

“Copyrights” means all of the following now owned or hereafter acquired by Debtor or in which Debtor 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 or political subdivision thereof; (ii) registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or political subdivision thereof; (iii) any continuations, renewals or extensions thereof; (iv) any registrations to be issued in any pending applications; (v) prior versions of works covered by copyright and all works based upon, derived from, or incorporating

such works; (vi) income, royalties, damages, claims, and payments now and hereafter due and payable with respect to copyrights including, without limitation, damages and payments for past, present, or future infringement; (vii) rights to sue for past, present and future infringements of copyright; and (viii) any other rights corresponding to any of the foregoing rights throughout the world.

“Deposit Account” means any “deposit account” as such term is defined in the UCC, and includes, without limitation, any demand, time, savings passbook or like account, now or hereafter maintained by or for the benefit of Debtor, or in which Debtor now holds or hereafter acquires any interest, with a bank, savings and loan association, credit union or like organization (including Secured Party) and all funds and amounts therein, whether or not restricted or designated for a particular purpose.

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

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

“Equipment” means any “equipment,” as such term is defined in the UCC, now or hereafter owned or acquired by Debtor or in which Debtor now holds or hereafter acquires an interest, and, in any event, shall include, without limitation, all machinery, equipment, furnishings, vehicles and computers and other electronic data-processing and any other office equipment of any nature whatsoever, any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all Accessions, attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

“Fixtures” means “fixtures,” as such term is defined in the UCC, now or hereafter owned or acquired by Debtor or in which Debtor now holds or hereafter acquires any interest and, in any event, shall include, without limitation, regardless of where located, all of the fixtures, systems, machinery, apparatus, equipment and fittings of every kind and nature whatsoever and all appurtenances and additions thereto and substitutions or replacements thereof, now or hereafter attached or affixed to or constituting a part of, or located in or upon, real property wherever located, including, without limitation, all heating, electrical, mechanical, lighting, lifting, plumbing, ventilating, air-conditioning and air cooling, refrigerating, food preparation, incinerating and power, loading and unloading, communication, sprinkler and other fire prevention and extinguishing, fixtures, systems, machinery, apparatus and equipment, any signs, escalators, elevators, boilers or switchboards, and all engines, motors, dynamos, machinery, pipes, pumps, tanks, conduits and ducts constituting a part of any of the foregoing, together with all right, title, and interest of Debtor in and to all extensions, improvements, betterments, 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.

“General Intangibles” means any “general intangibles,” as such term is defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter

acquires an interest, and, in any event, shall include, without limitation, all right, title and interest which Debtor may now or hereafter have in or under any Contract, all Intellectual Property, interests in partnerships, joint ventures and other business associations, Licenses, permits, goodwill (including, without limitation, the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License), claims in or under insurance policies, including unearned premiums, uncertificated securities, deposit accounts, rights to receive tax refunds and other payments and rights of indemnification, and rights in and to Payment Intangibles.

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

“Instruments” means any “instrument,” as such term is defined in the UCC now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires any interest, including, without limitation, all notes, certificated securities, and other evidences of indebtedness, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

“Intellectual Property” means all intellectual property of any kind or nature, including, without limitation, all Copyrights, Trademarks, Patents, trade secrets, customer lists, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, materials and records, together with all goodwill associated with each of the foregoing.

“Inventory” means any “inventory,” as such term is defined in the UCC, wherever located, now or hereafter owned or acquired by Debtor or in which Debtor now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all inventory, merchandise, goods and other personal property which are held by or on behalf of Debtor for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in Debtor’s business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not such inventory is listed on any schedules, assignments or reports furnished to Secured Party from time to time and whether or not the same is in transit or in the constructive, actual or exclusive occupancy or possession of Debtor or is held by Debtor or by others for Debtor’s account.

“Investment Property” means any “investment property” as such term is defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires an interest, including, without limitation, a security, whether certificated or uncertificated, a security entitlement, a securities account, a commodity contract or a commodity account.

“Letter-of-Credit Rights” means any “letter-of-credit-right,” as such term is defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires an interest.

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

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires an interest.

“Patents” means all of the following now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires any interest: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country or political subdivision thereof, including, without limitation, 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 political subdivision thereof; (ii) all reissues, continuations, continuations-in-part or extensions thereof; (iii) all petty patents, divisionals, and patents of addition; and (iv) all patents to issue in such applications.

“Payment Intangible” means a “payment intangible,” as such term is defined in the UCC.

“Permitted Encumbrances” means the liens in favor of the “Convertible Note Holders” (as defined in the Loan Agreement).

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

“Proceeds” means “proceeds,” as such term is defined in the UCC, and, in any event, shall include, without limitation, (a) any and all Accounts, Chattel Paper, Instruments, cash or other forms of money or currency or other proceeds, payable to Debtor from time to time in respect of the Collateral; (b) any and all proceeds of any Supporting Obligations, including any and all insurance, indemnity, warranty or guaranty payable to Debtor 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 Debtor 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 body, authority, bureau or agency (or any person acting under color of governmental authority); (d) any claim of Debtor against third parties (i) for past, present or future infringement of any Patent or Patent License, (ii) for past, present or future infringement of any Copyright or Copyright License, or (iii) 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; (iv) all certificates, dividends, cash, Instruments and other property received or distributed in respect of or in exchange for any Investment Property; and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or any Contract.

“Supporting Obligations” means any “supporting obligation,” as such term is defined in the UCC, now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter

acquires any interest, and, in any event, shall include all letters of credit and guarantees issued in support of Accounts, Chattel Paper, Documents, General Intangibles, Instruments, Investment Property or other Collateral.

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration (whether Debtor is the licensee or the licensor thereunder) now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires an interest.

“Trademarks” means all of the following now owned or hereafter acquired by Debtor or in which Debtor now holds or hereafter acquires an interest: (i) any and all trademarks, trade names, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, 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 (the “Marks”); (ii) any and all reissues, extensions or renewals thereof; (iii) the goodwill of the business symbolized by or associated with Marks; (iv) income, royalties, damages and payments now and hereafter due and/or payable with respect to Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement, misappropriation, or dilution; and (v) rights to sue for past, present and future infringements of Marks.

“UCC” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Secured Party’s security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.