

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
M2 Renewables		08/05/2011	INC. ASSOCIATION: DELAWARE

**RECEIVING PARTY DATA**

<b>Name:</b>	SAIL Venture Partners II, L.P.
<b>Street Address:</b>	3161 Michelson Dr.
<b>Internal Address:</b>	Suite 750
<b>City:</b>	Irvine
<b>State/Country:</b>	CALIFORNIA
<b>Postal Code:</b>	92612
<b>Entity Type:</b>	LIMITED PARTNERSHIP: DELAWARE

<b>Name:</b>	SAIL 2010 Co-Investment Partners, LP
<b>Street Address:</b>	3161 Michelson Dr.
<b>Internal Address:</b>	Suite 750
<b>City:</b>	Irvine
<b>State/Country:</b>	CALIFORNIA
<b>Postal Code:</b>	92612
<b>Entity Type:</b>	LIMITED PARTNERSHIP: DELAWARE

<b>Name:</b>	SAIL 2011 Co-Investment partners, LP
<b>Street Address:</b>	3161 Michelson Dr.
<b>Internal Address:</b>	Suite 750
<b>City:</b>	Irvine
<b>State/Country:</b>	CALIFORNIA
<b>Postal Code:</b>	92612
<b>Entity Type:</b>	LIMITED PARTNERSHIP: DELAWARE

PROPERTY NUMBERS Total: 4

**900201228**

**TRADEMARK  
 REEL: 004615 FRAME: 0401**

**CH \$115.00 3641884**

Property Type	Number	Word Mark
Registration Number:	3641884	REVOLUTIONIZING THE PROCESS OF WASTEWATER TREATMENT
Registration Number:	3973638	M2 RENEWABLES
Registration Number:	3973637	M2 RENEWABLES
Registration Number:	3970113	M2R

**CORRESPONDENCE DATA**

Fax Number: (212)904-0547  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 949-223-7105  
Email: tcrodriguez@bryancave.com  
Correspondent Name: Amit S. Parekh  
Address Line 1: 3161 Michelson Drive, 15th Fl.  
Address Line 2: BRYAN CAVE LLP  
Address Line 4: New York, NEW YORK 92612

ATTORNEY DOCKET NUMBER:	0326011
NAME OF SUBMITTER:	Amit S. Parekh
Signature:	/Amit S. Parekh/
Date:	09/01/2011

**Total Attachments: 15**  
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## **SECURITY AGREEMENT**

THIS SECURITY AGREEMENT, dated as of August 5, 2011 (the "Agreement"), is entered into by and between M2 Renewables, Inc., a Delaware corporation (the "Grantor"), and the lenders listed on the signature pages hereof (the "Lenders"). Unless the context indicates otherwise, capitalized terms used herein without definition shall have the meanings ascribed to them in the Purchase Agreement (as defined below).

### **WITNESSETH:**

WHEREAS, the Grantor and Lenders are parties to that certain Note and Warrant Purchase Agreement dated as of the date hereof (the "Purchase Agreement");

WHEREAS, the Grantor previously issued to the Lenders Senior Secured Convertible Promissory Notes (the "June Notes") issued pursuant to that certain Note and Warrant Purchase Agreement dated as of June 24, 2011; and

WHEREAS, it is a condition to Lenders' obligations pursuant to the Purchase Agreement that the Grantor execute and deliver this Agreement as security for the payment and performance of all obligations of the Grantor to Lenders pursuant to the June Notes and those certain Senior Secured Convertible Promissory Notes to be issued by the Grantor to the Lenders pursuant to the Purchase Agreement (together with the June Notes, the "Notes").

### **AGREEMENT**

NOW, THEREFORE, in consideration of the benefits to the Grantor, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby makes the following representations and warranties to the Secured Parties (as such term is defined in Section 1.1 below) and hereby covenants and agrees with the Secured Parties as follows:

#### **ARTICLE I**

##### **SECURITY INTEREST**

1.1 Grant of Security Interest. The Grantor hereby grants to the Lenders or to the then holder of any of the Notes (either and each, the "Secured Parties") a lien and continuing security interest ("Security Interest") in and to all presently existing and hereafter acquired or arising Collateral, regardless of where located, in order to secure prompt payment of any and all Obligations (as defined in Section 1.2 below). The definition of "Collateral" shall mean all property described on Exhibit A attached hereto.

1.2 Security for Obligations. This Agreement and the Security Interest shall secure the payment and performance of (a) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations and liabilities of the Grantor now existing or hereafter incurred under, arising out of or in connection with the Notes; (b) in the event of any proceeding for the collection or enforcement of any obligations or liabilities referred to in clause (a), after an Event of Default (as such term is defined in Section 4.1 below) shall have occurred and be continuing, the reasonable expenses of re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Secured Parties of

their rights hereunder, together with reasonable attorneys' fees and court costs; and (c) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under this Agreement (each of the obligations set forth in Section 1.2(a)-(c) herein shall be referred to collectively as the "Obligations").

## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND COVENANTS

The Grantor represents, warrants and covenants, which representations, warranties and covenants shall survive execution and delivery of this Agreement, as follows:

2.1 Necessary Filings. All filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the Security Interest granted by the Grantor to the Secured Parties hereby in respect of the Collateral will be accomplished upon the appropriate filings and the Security Interest granted to the Secured Parties pursuant to this Agreement in and to the Collateral constitutes a valid and enforceable perfected security interest therein, and except as provided in the Notes, superior and prior to the rights of all other persons therein and subject to no other liens and is entitled to all the rights, priorities and benefits afforded by the Uniform Commercial Code (the "UCC") or other relevant law as enacted in any relevant jurisdiction to perfected security interests.

2.2 No Liens. Except as set forth in the Notes, Grantor is the owner of all Collateral free from any lien or other right, title or interest of any party (other than liens created hereby), and the Grantor shall defend the Collateral against all claims and demands of all parties at any time claiming the same or any interest therein adverse to the Secured Parties.

2.3 Other Financing Statements. As of the date hereof, there is no 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.

2.4 Recourse. This Agreement is made with full recourse to the Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of the Grantor contained herein, in the Purchase Agreement, in the Notes and otherwise in writing in connection herewith or therewith.

2.5 Change of Jurisdiction; Change of Name. The Grantor shall not change its state of incorporation without first giving thirty (30) days' prior written notice of its intent to do so to the Secured Parties. With respect to any new name used by Grantor or any change in the jurisdiction of Grantor's organization, the Grantor shall have first taken all action reasonably requested by the Secured Parties, to maintain the Security Interest at all times fully perfected and in full force and effect.

## ARTICLE III

### PROVISIONS CONCERNING ALL COLLATERAL

3.1 Protection of Security Interest. Except as permitted by the terms of the Notes, the Grantor will do nothing to impair the rights of the Secured Parties in the Collateral. The Grantor shall not sell, convey or otherwise transfer all or any part of the Collateral or any rights therein. The

Grantor assumes all liability and responsibility in connection with the Collateral acquired by it and the liability of the Grantor to pay its Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Grantor.

3.2 Further Actions. The Grantor will, at Grantor's expense, make, execute, endorse, acknowledge, file and/or deliver to the Secured Parties from time to time such lists, descriptions and designations of its Collateral, financing statements, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which the Secured Parties deems reasonably appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

3.3 Financing Statements. The Secured Parties agrees to execute and file such financing statements as the Secured Parties may from time to time deem necessary or desirable in the opinion of the Secured Parties to establish and maintain a valid and enforceable Security Interest in the Collateral as provided herein and the other rights and security contemplated herein, all in accordance with the UCC as enacted in any and all relevant jurisdictions or any other relevant law. The Grantor will pay any applicable filing fees and related expenses incurred pursuant to this Section 3.3.

#### ARTICLE IV

##### EVENT OF DEFAULT; REMEDIES UPON OCCURRENCE OF EVENT OF DEFAULT

4.1 Event of Default. Each of the following shall constitute an event of default (an "Event of Default") under the Notes:

(a) the Grantor shall default in the payment of the principal and interest of the Notes, when and as the same shall become due and payable;

(b) the Grantor will fail to perform or observe any other material term, covenant or agreement contained in this Agreement, the Notes or any agreement executed and delivered by the Grantor in connection with this Agreement or the Notes on its part to be performed or observed and any such failure remains unremedied for twenty (20) business days after written notice thereof will have been given to the Grantor by the Secured Parties;

(c) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Grantor, or of a substantial part of its property or assets, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Grantor, or for a substantial part of its property or assets, or (iii) the winding up or liquidation of the Grantor; and such proceeding or petition shall continue undismissed for ninety (90) days, or an order or decree approving or ordering any of the foregoing shall be entered; or

(d) the Grantor shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (c) of this Section 4.1, (iii) apply for or consent to the

appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Grantor or any subsidiary, or for a substantial part of its property or assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing.

4.2 Remedies; Obtaining the Collateral Upon Default. The Grantor agrees that, if an Event of Default shall have occurred and be continuing, then and in every such case, the Secured Parties, in addition to any rights now or hereafter existing under applicable law, shall have all rights as a secured creditor under the UCC in all relevant jurisdictions and may directly or through any agent or representative:

(a) declare the entire right, title and interest of the Grantor in the Collateral vested, in which event such right, title and interest shall immediately vest in the Secured Parties, in which case the Grantor agrees to execute an assignment in form and substance satisfactory to the Secured Parties of all its right, title and interest to the Collateral to the Secured Parties;

(b) take and practice or sell the Collateral;

(c) direct the Grantor to refrain, in which event the Grantor shall refrain, from practicing the Collateral directly or indirectly;

(d) personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from the Grantor or any other person or entity who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the Grantor's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Grantor;

(e) instruct the obligor or obligors on any agreement, instrument or other obligation constituting the Collateral to render any performance required by the terms of such instrument or agreement directly to the Secured Parties;

(f) sell, assign or otherwise liquidate, or direct the Grantor to sell, assign or otherwise liquidate, any or all of the Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation; and

(g) personally, or by agents or attorneys, take possession of the Collateral or any part thereof, by directing the Grantor in writing to deliver the same to the Secured Parties at any place or places designated by the Secured Parties, in which event the Grantor shall at its own expense:

(i) promptly cause the same to be moved to the place or places so designated by the Secured Parties and there be delivered to the Secured Parties,

(ii) store and keep any Collateral so delivered to the Secured Parties at such place or places pending further action by the Secured Parties as provided in Section 4.3, and

(iii) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition.

it being understood that the Grantor's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Secured Parties shall be entitled to a decree requiring specific performance by the Grantor of said obligation.

4.3 Disposition of the Collateral. Any Collateral repossessed by the Secured Parties under or pursuant to Section 4.2 above, and any other Collateral whether or not so repossessed by the Secured Parties, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Parties may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Secured Parties or after any overhaul or repair which the Secured Parties shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceeding permitted by such requirements shall be made upon not less than ten (10) days' prior written notice to the Grantor specifying the time at which such disposition is to be made. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than ten (10) days' prior written notice to the Grantor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Secured Parties' option, be subject to reserve), after publication of notice of such auction not less than ten (10) days prior thereto in a newspapers in general circulation in Southern California. To the extent permitted by any such requirement of law, the Secured Parties may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section 4.3 without accountability to the Grantor (except to the extent of surplus money received as provided in Section 4.4). If, under mandatory requirements of applicable law, the Secured Parties shall be required to make disposition of the Collateral within a period of time which does not permit the giving of notice to the Grantor as hereinabove specified, the Secured Parties need give the Grantor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law.

4.4 Application of Proceeds. The proceeds of any Collateral obtained pursuant to Section 4.2 shall be applied as follows:

(a) to the payment of any and all expenses and fees (including reasonable attorneys' fees) incurred by the Secured Parties in obtaining, taking possession of, removing, insuring, repairing, storing and disposing of Collateral and any and all amounts incurred by the Secured Parties in connection therewith;

(b) next, any surplus then remaining to the payment of the Obligations based on the loan amounts of the Secured Parties in the following order of priority:

- (i) all interest accrued and unpaid under the Notes;
- (ii) the principal amount owing under the Notes; and

(iii) all other Obligations then owing;

(c) if no other Obligation is outstanding, any surplus then remaining shall be paid to the Grantor, subject, however, to the rights of the holder of any then existing lien of which the Secured Parties has actual notice (without investigation); provided, that the Secured Parties shall give written notice to Grantor of such third party lien;

it being understood that the Grantor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the sums referred to in clauses (a) and (b) of this Section 4.4 with respect to the Grantor.

4.5 Remedies Cumulative. Each and every right, power and remedy hereby specifically given to the Secured Parties shall be in addition to every other right, power and remedy specifically given under this Agreement and the Purchase Agreement or now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Secured Parties. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Secured Parties in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Event of Default or an acquiescence therein. No notice to or demand on the Grantor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Secured Parties to any other or further action in any circumstances without notice or demand. In the event that the Secured Parties shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Secured Parties may recover reasonable expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

4.6 Discontinuance of Proceedings. In case the Secured Parties shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Secured Parties, then and in every such case the Grantor, the Secured Parties and each holder of any of the Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the Security Interest created under this Agreement, and all rights, remedies and powers of the Secured Parties shall continue as if no such proceeding had been instituted.

4.7 Attorney-in-Fact. Without limiting any rights or powers granted by this Agreement to the Secured Parties, upon the occurrence and during the continuance of any Event of Default the Secured Parties are hereby appointed the attorney-in-fact of the Grantor solely for the purpose of carrying out the provisions of this Agreement and taking any reasonable action and executing any instruments which may be reasonably required to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Secured Parties shall have the right and power to receive, endorse and collect all checks made payable to the order of the Grantor representing any payment or other distribution in respect of the Collateral or any part thereof and give full discharge for the same.



4.8 Waiver of Claims. Waiver of Claims. Except as otherwise provided in this Agreement or prohibited by applicable law, (a) THE GRANTOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE SECURED PARTIES' TAKING POSSESSION OR THE SECURED PARTIES' DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH THE GRANTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and (b) the Grantor hereby further waives, to the extent permitted by law:

(i) all damages occasioned by such taking of possession except any damages which are determined by a final, non-appealable court order to have been caused by the Secured Parties' gross negligence or willful misconduct; and

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Secured Parties' rights hereunder; and

(iii) all rights of redemption, appraisalment, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and the Grantor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against the Grantor and against any and all persons or entities claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Grantor.

## ARTICLE V

### INDEMNITY

#### 5.1 Indemnity.

(a) The Grantor agrees to indemnify, reimburse and hold each Secured Party and its respective officers, directors, managers, members, employees, representatives and agents (hereinafter in this Section 5.1 referred to individually as "Indemnitee" and collectively as "Indemnitees") harmless from any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements (including reasonable attorneys' fees and expenses) (for the purposes of this Section 5.1 the foregoing are collectively called "Expenses") of whatsoever kind or nature which may be imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement or the enforcement of any of the terms of or the preservation of any rights under this Agreement; *provided* that no Indemnitee shall be indemnified pursuant to this Section 5.1(a) for Expenses to the extent caused by the gross negligence or willful misconduct of such Indemnitee. The Grantor agrees that upon written notice by any Indemnitee of any assertion that could give rise to an Expense, the Grantor shall assume full

responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the Grantor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 5.1(a), the Grantor agrees to pay, indemnify and hold each Indemnitee harmless from and against any Expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by the Grantor in this Agreement.

(c) If and to the extent that the obligations of the Grantor under this Section 5.1 are unenforceable for any reason, Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

5.2 Indemnity Obligations Secured by Collateral; Survival. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute obligations secured by the Collateral. The indemnity obligations of the Grantor contained in this Article V shall continue in full force and effect notwithstanding the full payment of the Obligations and notwithstanding the discharge thereof.

## ARTICLE VI

### MISCELLANEOUS

6.1 Notices. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when personally delivered to the address of the party set forth next to the signatures below (or at such other address as shall have been furnished in writing by any person or entity described above to the party required to give notice hereunder) to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement.

6.2 Waiver; Amendment. This Agreement may be changed, waived, discharged, or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

6.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, that (a) the Grantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Secured Parties, and (b) prior to the occurrence of an Event of Default and the continuance thereof beyond any applicable grace period, the Secured Parties may not assign or transfer any of their respective rights or obligations hereunder without the prior written consent of the Grantor, unless the "Lender" (as defined in the Note) is permitted to assign its rights and remedies pursuant to the Note, in which case no consent of the Grantor is required.

6.4 Headings Descriptive, etc. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

6.5 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of California without regard to its conflicts of law provisions.

6.6 Grantor's Duties. It is expressly agreed, anything herein contained to the contrary notwithstanding, that the Grantor shall remain liable to perform all of the obligations, if any, assumed by it with respect to the Collateral and that the Secured Parties shall not have any obligations or liabilities with respect to any Collateral by reason of or arising out of this Agreement, nor shall the Secured Parties be required or obligated in any manner to perform or fulfill any of the obligations of the Grantor under or with respect to any Collateral.

6.7 Termination; Release. After the termination, cancellation or conversion of the Notes, and when all Obligations have been paid or otherwise satisfied in full, this Agreement shall terminate, and the Secured Parties, at the request and expense of the Grantor, will execute and deliver to the Grantor the proper instruments (including UCC termination statements) acknowledging the termination of this Agreement, and will duly assign, transfer and deliver to the Grantor (without recourse and without any representation or warranty) such of the Collateral as may be in possession of the Secured Parties and has not theretofore been sold or otherwise applied or released pursuant to this Agreement.

6.8 Attorneys' Fees. If any action, suit or other proceeding is instituted to enforce any provision of this Agreement, or to remedy, prevent or obtain relief from a default in the performance by either party of its obligations under this Agreement, the prevailing party shall recover all of such party's attorneys' fees incurred in each and every such action, suit or other proceeding, including any and all appeals or petitions therefrom. As used in this Section 6.8, attorneys' fees shall be deemed to mean the full and actual costs of any legal services actually performed in connection with the matters involved calculated on the basis of the usual fee charged by the attorney performing such services and shall not be limited to "reasonable attorneys' fees" as defined in any statute or rule of court.

6.9 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

6.10 Integration. This Agreement, the Purchase Agreement, the Notes and any exhibits and schedules hereto and thereto contain the complete agreement between Grantor and Secured Parties with respect to the matters contained herein and therein and supersede all prior commitments, agreements and understandings, whether written or oral, with respect to the matters contained therein.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**GRANTOR**

M2 RENEWABLES, INC.

By: Gerhard Forstner  
Gerhard Forstner  
Chief Executive Officer

Address:

20996 Bake Parkway, Suite 106  
Lake Forest, CA 92630

SIGNATURE PAGE TO SECURITY AGREEMENT

DOCSOC/1504458v3/101387-0009

TRADEMARK  
REEL: 004615 FRAME: 0412

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**SECURED PARTIES**

**SAIL Venture Partners II, L.P.**

By: SAIL Venture Partners II, LLC  
Its: General Partner

By: 

Name: HANK HABICHT

Title: mg Partner

Address:

3161 Michelson Drive, Suite 750  
Irvine, California 92612

SIGNATURE PAGE TO SECURITY AGREEMENT

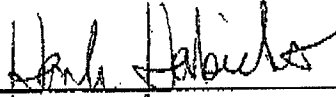
DOCSOC/1504458v3/101387-0009

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

**SECURED PARTIES**

**SAIL 2010 Co-Investment Partners, LP**

By: SAIL 2010 Co-Investment Partners GP, LLC  
Its: General Partner

By: 

Name: HANK HABICHT

Title: MG Partner

Address:

3161 Michelson Drive, Suite 750  
Irvine, California 92612

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**SECURED PARTIES**

**SAIL 2011 Co-Investment Partners, LP**

By: SAIL 2011 Co-Investment Partners GP, LLC  
Its: General Partner

By: 

Name: Hank HABICHT

Title: Mgr Partner

Address:

3161 Michelson Drive, Suite 750  
Irvine, California 92612

SIGNATURE PAGE TO SECURITY AGREEMENT

DOCSOC/1504458v3/101387-0009

**EXHIBIT A**

**COLLATERAL**

The Collateral shall consist of all right, title, interest, claims and demands of Grantor in and to all of the personal property (whether tangible or intangible) and fixtures of Grantor, in each case whether presently existing or hereafter acquired or arising and regardless of where located, including without limitation the following:

(a) All goods and equipment now owned or hereafter acquired, including, without limitation, all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles, and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

(b) All inventory now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Grantor's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Grantor's books relating to any of the foregoing;

(c) All contract rights, general intangibles, health care insurance receivables, payment intangibles and commercial tort claims, now owned or hereafter acquired, including, without limitation, all patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, trade secrets, methods, processes, know how, drawings, specifications, descriptions, and all memoranda, notes, and records with respect to any research and development, goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payments of insurance and rights to payment of any kind and whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media;

(d) All now existing and hereafter arising accounts, contract rights, royalties, license rights and all other forms of obligations owing to Grantor arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Grantor (subject, in each case, to the contractual rights of third parties to require funds received by Grantor to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Grantor and Grantor's books relating to any of the foregoing;

EXHIBIT A

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(e) All documents, cash, deposit accounts, letters of credit, letter of credit rights, supporting obligations, certificates of deposit, instruments, chattel paper, electronic chattel paper, tangible chattel paper and investment property, including, without limitation, all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Grantor's books relating to the foregoing; and

(f) Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including, without limitation, insurance, condemnation, requisition or similar payments and the proceeds thereof.

EXHIBIT A

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