

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
Reseaux Simpler Inc./Simpler Networks Inc.		01/05/2006	CORPORATION: CANADA
RECEIVING PARTY DATA			
Name:	Hercules Technology Growth Capital, Inc.		
Street Address:	525 University Avenue		
Internal Address:	Suite 700		
City:	Palo Alto		
State/Country:	CALIFORNIA		
Postal Code:	94301		
Entity Type:	CORPORATION: MARYLAND		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Serial Number:	76148969	ENGINEERING NETWORK EVOLUTION	
CORRESPONDENCE DATA			
Fax Number:	(415)421-2922		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	415.421.6500		
Email:	serwin@sflaw.com		
Correspondent Name:	Jeffrey A. O'Connell, Esq.		
Address Line 1:	One Maritime Plaza		
Address Line 2:	18th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	6854-11		
NAME OF SUBMITTER:	Scott Harvey		
Signature:	/Scott Harvey/		

CH \$40.00 76148969

Date:

01/30/2006

Total Attachments: 22

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HYPOTHEC ON MOVABLES

dated as of January 5, 2006

by

RÉSEAUX SIMPLER INC./SIMPLER NETWORKS INC.

as Grantor

in favour of

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

as Secured Party

HYPOTHEC ON MOVABLES

THIS HYPOTHEC ON MOVABLES dated as of January 5, 2006 is made by **RÉSEAUX SIMPLER INC./SIMPLER NETWORKS INC.** (the "**Grantor**"), a corporation incorporated under the *Canadian Business Corporations Act*, in favour of **HERCULES TECHNOLOGY GROWTH CAPITAL, INC.** (the "**Secured Party**").

WHEREAS pursuant to a senior loan and security agreement (the "**Credit Agreement**") dated as of the date hereof between Simpler Networks Corp., dba Simpler Networks, Inc., and each of its U.S. subsidiaries (collectively the "**Borrower**"), as borrowers, and the Secured Party, as lender, the Secured Party has agreed to establish certain credit facilities in favour of the Borrower, subject to the terms and conditions of the Credit Agreement;

WHEREAS pursuant to a guarantee and subordination agreement (the "**Guarantee**") dated as of the date hereof between the Grantor and the Secured Party, the Guarantor has given a guarantee, made certain representations and warranties and given certain covenants to the Secured Party in connection with the Credit Agreement, the whole as more fully set out therein; and

WHEREAS as continuing collateral security for the fulfilment of the Secured Obligations (as defined below), the Grantor has agreed to hypothecate all of its right, title and interest both present and future, in and to the Hypothecated Property;

NOW, THEREFORE, the parties hereby agree as follows:

1. INTERPRETATION

1.1 Definitions

1.1.1 Subject to Section 1.1.2, in this Hypothec, unless there is something in the subject matter or content inconsistent therewith, capitalized terms and expressions shall have the meanings ascribed to them in the Credit Agreement.

1.1.2 In this Hypothec, the following words and expressions shall have the following meanings:

- (a) "**Accounts**" means all accounts maintained by the Grantor with any depositary institution, wherever situated;
- (b) "**Borrower**" has the meaning set out in the second paragraph to this Hypothec, and includes its successors and assigns;
- (c) "**Claims**" means any and all claims, advances, book debts, accounts receivable and any other amounts or property now or hereafter owing to the Grantor by any person, either absolutely or conditionally, including all claims and indemnities payable under insurance policies covering the same and any and all books, papers, invoices, notes and data files evidencing, recording or supporting the same;

- (d) "**Equipment**" means tangible and corporeal movable property such as machinery, equipment, rolling stock, furniture and fixtures, and all licences and other rights and records, files, charts, plans, drawings, specifications, manuals, documents and warranties relating thereto;
- (e) "**Event of Default**" has the meaning ascribed to it in Section 7;
- (f) "**Credit Agreement**" has the meaning set out in the second paragraph to this Hypothec, as the same may be amended, supplemented or restated from time to time;
- (g) "**Governmental Authority**" means any federal, provincial, state, municipal, local or other government or other governmental or public department, central bank, parliament, legislature, regulatory authority, agency, commission, board or court or other law, regulation or rule making entity (including a Minister of the Crown) having jurisdiction on behalf of any nation, state, province, municipality or district, or any subdivision thereof or any quasi-governmental, judicial or administrative authority exercising regulatory or taxing authority;
- (h) "**Grantor**" has the meaning set out in the introductory paragraph to this Hypothec and includes its successors and assigns;
- (i) "**Guarantee**" has the meaning set out in the third paragraph to this Hypothec, as the same may be amended, supplemented or restated from time to time;
- (j) "**Hypothecated Property**" means any and all property, rights and interest, present and future, intended to be charged by the hypothec created under Section 2 hereof, all substitutions and replacements thereof, all increases, additions and accessions thereto, all rights attaching thereto and all proceeds in any form derived directly or indirectly from any dealing with any of the foregoing or the proceeds therefrom;
- (k) "**Intellectual Property**" means the business of the Grantor and all trade names, trade marks, copyrights, designs, processes, know how, goodwill, licences, franchises, permits, quotas, patents and other rights of intellectual and industrial property of any nature and description, and all pending applications pertaining thereto that shall be owned by the Grantor following an amalgamation between the Grantor and any other person or the purchase by the Grantor of any of the assets of any other person including, without limitation, those listed in Schedule "B" attached hereto;
- (l) "**Inventory**" means, regardless of the situs thereof at any particular time,
 - (i) all inventory of raw materials, goods in process, finished products and stock in trade of any nature and description, whether or not the same is held for let or hire, leasing, resale or otherwise, (ii) all goods and materials used in or procured for the packaging thereof, (iii) any such property held

by third parties under let or hire, leasing, conditional sale, franchise, licence, consignment or other like contractual arrangements with its lawful owner, (iv) any such property sold by the Grantor and later taken back for any reason, and (v) all amounts and proceeds paid or payable to or for the account of the Grantor as a result of the sale, lease or other dealings with any of the foregoing;

- (m) "**Loan Documents**" means the Credit Agreement, this Hypothec, the Guarantee, and all other agreements, documents and instruments now of hereafter executed and/or delivered pursuant to or in connection with any of the foregoing and any and all amendments, supplements or restatements thereof;
- (n) "**Secured Obligations**" means all obligations, at any time due, owing or incurred by the Grantor to the Secured Party under the Loan Documents, whether present or future, actual or contingent;
- (o) "**Secured Party**" has the meaning set out in the introductory paragraph of this Hypothec, and includes its successors and assigns;
- (p) "**Securities**" means the universality of all shares and securities now or hereafter acquired or owned by or on behalf of the Grantor or in which the Grantor now or hereafter has an interest, wherever situated, and all present and future substitutions and exchanges thereof and any document that is: (i) issued in bearer, order or registered form, (ii) of a type commonly dealt in or upon securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment, (iii) one of a class or series or by its terms is divisible into a class or series of documents, and (iv) evidence of a share, participation or other interest in property or in a corporation, partnership, trust, fund or any enterprise or is evidence of an obligation of the issuer.

1.2 Interpretation

- 1.2.1 The terms "this Hypothec", "hereof", "herein", "hereunder" and similar expressions refer, unless otherwise specified, to this Hypothec taken as a whole and not to any particular Section or subdivision, as the same may be amended, supplemented or restated from time to time.
- 1.2.2 The division of this Hypothec into Sections and other subdivisions, the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
- 1.2.3 All references to Sections refer, unless otherwise specified, to sections of this Hypothec.
- 1.2.4 Words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of, their context or the words or phrases which precede or succeed them.

1.2.5 The term "person" includes any individual, firm, partnership, corporation, Governmental Authority or unincorporated body of persons.

2. HYPOTHECS

2.1 Conventional Hypothec

As security for the full and final payment of the Secured Obligations, the Grantor hereby hypothecates to and in favour of the Secured Party to the extent of the sum of fifteen million dollars (\$15,000,000) in lawful money of Canada with interest thereon at the rate of 25% per annum the universality of all of its movable property of every nature and description, corporeal and incorporeal, present and future, and wherever situate, including, without limitation:

- (a) all of its Claims, present and future, including without limitation:
 - (i) all cheques, wire transfers, deposits and other items deposited into the Accounts; and
 - (ii) the Accounts and all funds now or hereafter on deposit therein;
- (b) all of its Inventory, present and future;
- (c) all of its Equipment, present and future;
- (d) all of its Intellectual Property, present and future, and any amendment or supplement thereto;
- (e) all of its Securities, present and future;
- (f) all options, warrants or rights issued to or acquired at any time by the Grantor in connection with any of the Securities (whether as an addition to or in substitution or in exchange for any of the Securities or otherwise);
- (g) all dividends, distributions and other income declared or made at any time in respect of any of the Securities including dividends or distributions payable in shares, property or otherwise;
- (h) all rights under contracts of any nature whatsoever; and
- (i) all proceeds arising from the property, assets and undertaking of the Grantor referred to in this Section 2.1, including insurance proceeds or any other payment representing indemnity or compensation for loss of or damage thereto.

2.2 Additional Hypothec

To guarantee the payment of all sums not secured by the principal hypothec created in Section 2.1, and in particular, interest due for the current and three preceding years,

interest on the interest, and all other amounts expended by the Secured Party to protect its hypothecary claim, including, but not limited to costs and other accessories, an additional hypothec is created by the Grantor against the universality of the movable property of every nature and description of the Grantor, corporeal and incorporeal, present and future, and wherever situate. Consequently, the Grantor hypothecates its property described in Section 2.1, in favour of the Secured Party for an additional amount equal to three million dollars (\$3,000,000) in lawful money of Canada.

3. SECURITIES

3.1 Certificates

With respect to any Securities in certificated form, the Grantor shall promptly deliver, or cause to be delivered, certificates representing such Securities duly endorsed in blank for transfer or with executed power of attorney in the form attached hereto as Schedule "A", to be held as a pledge in conformity with the terms hereof by the Secured Party in Montréal, Québec, subject to the terms hereof, which shall be part of the Hypothecated Property. The Grantor undertakes and agrees to deliver to the Secured Party concurrently herewith duly endorsed certificates representing the Securities and promptly all certificates representing future securities held by the Grantor, together with stock transfer forms.

3.2 Exercise of Rights

3.2.1 Until the occurrence of an Event of Default which is continuing, the Grantor shall be entitled to exercise all voting rights attached to the Securities and give consents, waivers and ratifications in respect thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which may materially adversely affect the interests of the Secured Party or the value of the Securities or which would impose any restriction on the transferability of any of the Securities. All such rights of the Grantor to vote and give consents, waivers and ratifications hereunder shall cease immediately upon the occurrence of any Event of Default which is continuing.

3.2.2 All dividends, distributions, interest and other income in respect of Hypothecated Property and all proceeds received by the Grantor in respect of Hypothecated Property may be received by the Grantor in the ordinary course and distributed in the ordinary course to the Grantor's shareholders until the occurrence of an Event of Default which is continuing. Upon the occurrence of an Event of Default which is continuing, the Grantor shall not be entitled to retain or distribute to its shareholders any such dividends, distributions, interest or other income or proceeds and if received shall be held as a mandatary for the Secured Party and shall forthwith be paid over to the Secured Party, to be applied against the Secured Obligations or, at the option of the Secured Party, to be held as additional security for the Secured Obligations.

4. SPECIAL PROVISIONS RELATIVE TO CLAIMS

4.1 Authorization to Collect

The Secured Party authorizes the Grantor to manage and collect the Claims in the ordinary course of its business. Such authorization may nevertheless be withdrawn by the Secured Party at any time after the occurrence of an Event of Default which is continuing, whereupon the Secured Party shall be free to do, in the name of the Grantor, any of the following, without any interference or consent on the part of the Grantor and without being bound (to the fullest extent permitted by law) by the rules respecting the administration of the property of others:

- (a) collect the Claims and apply such proceeds (net of all collection costs and the reasonable remuneration of the Secured Party at the customary rates) against the Secured Obligations in such manner as it shall deem appropriate;
- (b) give valid acquittances for any sums paid by third party debtors at any time after as well as before the creation of this security, and unilaterally cause, with or without consideration, the cancellation or reduction of any charge, hypothec or any other security interest securing the Claims or any part thereof; and
- (c) renegotiate, terminate or novate the Claims in whole or in part upon such terms and conditions as it shall deem reasonable, take and give up security and generally exercise, but without any obligation to do so and at its entire discretion, all rights of the Grantor with respect to the Claims, it being understood that the Secured Party is relieved of any obligation to inform the Grantor of any irregularity in the payment of any Claim and it shall incur no liability for any loss or damage which may result from the exercise of its rights except in the case of its own intentional or gross fault.

4.2 Money Received

Any amount received by the Grantor with respect to the Claims after a withdrawal of authorization as aforesaid shall be deemed so received as mandatory or depository of the Secured Party and shall forthwith be remitted to the Secured Party without demand or notice, the whole without prejudice to the recourses of the Secured Party against the third party debtors.

4.3 Registration of Hypothecary Rights

If any of the Claims are themselves secured by a security interest, hypothec or any other right susceptible of publication under the law, the Secured Party shall have the right to accomplish, at the expense of the Grantor, all the formalities required to register and otherwise protect against the third party debtors the hypothecary rights of the Secured Party upon such Claims and accessories thereof.

4.4 Assignment of Claims Subject to the Financial Administration Act

As security for the Secured Obligations, the Grantor hereby assigns absolutely to the Secured Party all of its present and future Claims which are subject to Sections 67 and 68 of the *Financial Administration Act* (Canada) and the provisions of the *Act Respecting the Ministère du revenu* (Quebec). The Secured Party may, at any time, after the occurrence of an Event of Default which is continuing, fulfil any formalities required by law to make this assignment enforceable. Claims assigned in accordance with the provisions of this section shall be deemed to constitute Hypothecated Property.

5. REPRESENTATIONS AND WARRANTIES

The Grantor represents and warrants at the date hereof that:

- (a) the Grantor fully owns the Hypothecated Property and the Hypothecated Property is free of all real rights, charges, hypothecs and security interests other than as listed in Schedule "C" hereto;
- (b) all of the Hypothecated Property is located in the Province of Québec; and
- (c) the Grantor is duly authorized and has the capacity to execute and grant this Hypothec in favour of the Secured Party.

6. COVENANTS

The Grantor covenants with the Secured Party as follows:

- (a) the Grantor shall do any and all things in order to properly protect and maintain the Hypothecated Property and will conduct its business in a way which preserves the value of the Hypothecated Property;
- (b) the Grantor shall notify the Secured Party forthwith of the existence of any Claims which are subject to the *Financial Administration Act* (Canada);
- (c) the Grantor shall not move the Hypothecated Property outside of the Province of Québec;
- (d) the Grantor shall refrain from mixing or combining any of the Hypothecated Property with other movable property belonging to third parties, or from transforming the same, except in the normal course of the Grantor's business or unless consented to in writing by the Secured Party or permitted under the Credit Agreement
- (e) the Grantor shall not to charge, mortgage, set over, pledge, hypothecate or otherwise transfer or encumber all or part of any of the Hypothecated Property other than to the Secured Party or permitted under the Credit Agreement nor shall it perform any act or execute any other instrument which might prevent the Secured Party from enforcing all of its rights and

recourses under the terms and conditions of this Hypothec or which would limit the Secured Party in any manner;

- (f) the Grantor shall not sell, dispose, assign or otherwise transfer the Hypothecated Property, except in the normal course of the Grantor's business or unless consented to in writing by the Secured Party or permitted under the Credit Agreement;
- (g) the Grantor shall notify the Secured Party as soon as practicable upon becoming aware of any claim or litigation in respect of any of the Hypothecated Property and deliver or cause to be delivered to the Secured Party a copy of any written communication or documentation received by it from any third party in respect of the Securities which may adversely affect the Hypothecated Property;
- (h) the Grantor shall make, execute and deliver such further and other assignments, transfers, deeds, security agreements and other documents as may be required by the Secured Party from time to time to grant to the Secured Party a first ranking hypothec in the Hypothecated Property with the priority intended hereby and generally to accomplish the intention of this Hypothec; and
- (i) the Grantor shall pay all reasonable expenses, including legal fees and disbursements, incurred by the Secured Party or its agents in connection with the preparation, filing, preservation and enforcement of this Hypothec; including all reasonable expenses incurred by the Secured Party or such agents in dealing with other creditors of the Grantor in connection with the establishment and confirmation of the priority of the hypothec created hereby; all of which expenses shall be payable forthwith upon demand and shall form part of the Secured Obligations.

7. EVENTS OF DEFAULT

7.1 Events of Default

The Grantor shall be in default in each and every one of the following events (an "Event of Default"):

- (a) if the Grantor or the Borrower is in default under any Loan Document;
- (b) if any or all of the Secured Obligations or other obligations secured under this Hypothec are not paid or performed when due;
- (c) if any of the representations and warranties made in this Hypothec is untrue in any material respect;
- (d) if the Grantor does not fulfill any of its covenants hereunder;

- (e) if the Grantor ceases to carry on its business, becomes insolvent or bankrupt; or
- (f) if any or all of the Hypothecated Property is seized or is subject to a taking of possession by a creditor, a receiver or any other person performing similar functions.

8. EXERCISE OF HYPOTHECARY RIGHTS

8.1 Acceleration

Upon the occurrence of an Event of Default which is continuing, the Secured Party may request from the Grantor the voluntary surrender of any of the Hypothecated Property and the Grantor hereby undertakes to do so. The Grantor shall also execute any deed or document which may be necessary or useful to evidence such surrender or to give it full effect. In addition, the Secured Party may, upon the occurrence of an Event of Default which is continuing, exercise all hypothecary rights, remedies and actions whatsoever which are available under the *Civil Code of Québec*, without prejudice to any other right or action whatsoever which may be exercised or taken independently or concurrently, to enforce its rights under this Hypothec in accordance with Québec law and the terms of this Hypothec.

8.2 Exercise of Hypothecary Rights

The Secured Party shall not be bound to exercise the same hypothecary rights against all of the Hypothecated Property. Whatever hypothecary rights the Secured Party elects to exercise, the following provisions shall apply:

- (a) the Secured Party shall have the right, at the expense of the Grantor and in order to conserve or realize upon the Hypothecated Property:
 - (i) to continue or terminate the use and operation of the Hypothecated Property including the processing and sale of the Inventory;
 - (ii) to dispose of the Hypothecated Property which may perish or deteriorate rapidly;
 - (iii) to use any information obtained by reason of the exercise of its rights;
 - (iv) to perform any obligation or covenant of the Grantor; and
 - (v) to exercise any right with respect to the Hypothecated Property;
- (b) the Secured Party shall not be bound to make an inventory, to take out insurance or to furnish any security;

- (c) the Secured Party may acquire directly or indirectly any of the Hypothecated Property;
- (d) the Secured Party may from time to time in the course of the exercise of its rights, renounce, with or without consideration, any right of the Grantor;
- (e) the Secured Party shall not be bound to make the Hypothecated Property productive or to conserve the same;
- (f) should the Secured Party at any time abandon the exercise of its rights, hypothecary or otherwise, against the Hypothecated Property, the Secured Party may elect, at its option, to return to the Grantor without any representation or warranty, the Hypothecated Property which the Grantor had surrendered to the Secured Party, or the remainder thereof if any, the whole without prejudice to its other rights and recourses.

8.3 Taking in Payment

- 8.3.1 Where the Secured Party exercises a right of taking in payment and the Grantor, inasmuch as it has the right to do so, requires that the Secured Party sells the Hypothecated Property upon which such recourse was exercised, the Grantor acknowledges that the Secured Party shall not be bound to abandon the right of taking in payment unless the Secured Party has obtained, before the end of the period allowed for surrender (i) a satisfactory security guaranteeing that the sale will be made at a sufficiently high price to enable the Secured Party's claim to be paid in full, (ii) the full reimbursement of all costs thus incurred by the Secured Party, and (iii) an advance of the funds needed for the sale of the said properties.
- 8.3.2 If the Secured Party itself sells any of the Hypothecated Property, it shall not be required to obtain any prior appraisal thereof.
- 8.3.3 The sale by the Secured Party of any of the Hypothecated Property may be concluded by the Secured Party without legal warranty or, at its option, without any warranty whatsoever.

8.4 Exercise of Rights by Secured Party

- 8.4.1 The Secured Party is not bound by any degree of care beyond a reasonable diligence in the exercise of its rights or in the performance of its duties, and it shall not be liable for any loss or damage resulting therefrom except as a result of its own intentional or gross fault.
- 8.4.2 The Secured Party may delegate to any other person the exercise of its rights or the performance of its duties hereunder and may provide such agents or mandataries with any information that the Secured Party may possess with respect to the Grantor or the Hypothecated Property.

- 8.4.3 The property or sums of money received or held by the Secured Party by reason of these presents may be invested by the Secured Party in such manner as it shall deem appropriate without regard to rules governing the administration of the property of others.
- 8.4.4 Should the Secured Party at any time consider that the location or the use of the Hypothecated Property requires the registration of this security, or the creation of similar security, under the laws of another jurisdiction, the Grantor shall forthwith at the request of the Secured Party execute the documents and accomplish the formalities necessary for such purpose.
- 8.4.5 The exercise by the Secured Party of any of its rights shall not preclude the Secured Party from exercising any other right under this Hypothec or the law; the rights and remedies of the Secured Party shall be cumulative and are in addition to and not in substitution for any other rights or remedies. The non-exercise by the Secured Party of any of its rights shall not constitute a waiver of any subsequent exercise of such right.

9. GENERAL

9.1 Continuing Security

- 9.1.1 This Hypothec is a continuing security which will subsist notwithstanding any fluctuation of the amounts hereby secured. The Grantor shall be deemed to obligate itself again as provided in Article 2797 of the *Civil Code of Québec* with respect to any future obligation hereby secured.
- 9.1.2 The Secured Party shall have the right, at the expense of the Grantor, to perform all acts and things and to execute all documents as may be necessary to ensure that this security remains effective and opposable to third parties, including the execution and filing of any forms required for the renewal hereof from time to time.
- 9.1.3 Any amount received by the Secured Party in the exercise of its rights hereunder or under any law may, at its option, be retained by the Secured Party as part of the Hypothecated Property, or may be applied by the Secured Party towards the partial payment of the Secured Obligations, even if not yet exigible, as the Secured Party shall alone determine notwithstanding the rules governing the application of payments. (

9.2 Notices and Election of Domicile

- 9.2.1 Except as otherwise provided herein, all notices and other communications provided for hereunder shall be in writing and delivered or given by telecopier or other telefacsimile communication to the Secured Party and to the Grantor at the relevant address or addresses set out below at such other address or telecopier number as shall be designated by such party in a notice given to all other parties in accordance with this 9.2.1. All such notices and communications shall be effective when delivered by telefacsimile communication, or manually delivered, addressed as aforesaid. The Secured Party will be entitled to rely on any signature appearing on a telefacsimile transmission that purports to be a signature of a representative of the Grantor.

(a) the Grantor at:

c/o Simpler Networks Corp.
Attention: Michael Montemarano
90 Washington Valley Road
Bedminster, NJ 07921
Facsimile: (908) 719-6004
Telephone: (908) 719-8995

With a copy to:

Burns & Levinson LLP.
Attention: Josef B. Volman, Esq.
125 Summer Street
Boston, MA 02110
Facsimile: 617-345-3299
Telephone: 617-345-3000

(b) the Secured Party at:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer
525 University Avenue, Suite 700
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060

With a copy to:

SHARTSIS FRIESE LLP
Attention: Steven O. Gasser, Esq.
One Maritime Plaza, 18th Floor
San Francisco, CA 94111
Facsimile: 415-421-6500
Telephone: 415-421-2922

9.2.2 Should the Secured Party be unable to locate the Grantor then any such notice or demand may, at its option, be served at the Office of the Clerk of the Superior Court for the District of Montréal, at which Office the Grantor elects domicile for the purposes of this Hypothec.

9.3 Invalidity, Etc.

Any provision hereof which is prohibited or unenforceable in any jurisdiction shall be ineffective only in such jurisdiction and only to the extent of such prohibition or enforceability, without invalidating the remaining provisions hereof.

9.4 Further Assurances

The Grantor shall do all such further acts and things and execute and deliver all such further documents which the Secured Party may require in order to fully perform and carry out the terms of this Hypothec.

9.5 Language

The parties have required that this hypothec and all related documents be written in English. *Les parties ont requis que la présente hypothèque ainsi que tout document y afférent soient rédigés en anglais.*

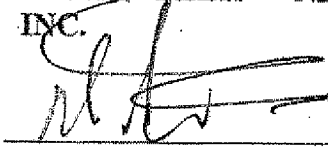
9.6 Governing Law and Jurisdiction

This Hypothec and, unless otherwise specified therein, all other documents or instruments delivered in accordance with this Hypothec shall be governed by and interpreted in accordance with the laws applicable in the Province of Québec and the federal laws of Canada. The Grantor irrevocably submits to the exclusive jurisdiction of the courts of the Province of Québec, judicial district of Montréal. This exclusive jurisdiction is for the benefit of the Secured Party only. As a result, the Secured Party shall not be prevented from taking proceedings in any other courts with jurisdiction.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Hypothec to be executed by their duly authorized representatives as of the date first above written.

RÉSEAUX SIMPLER
INC./SIMPLER NETWORKS
INC.

By: 
Name: Michael Montemurro
Title: CFO

HERCULES TECHNOLOGY
GROWTH CAPITAL, INC.

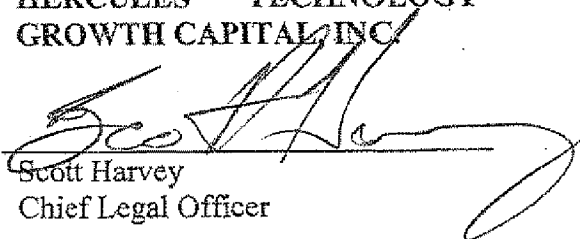
By: _____
Name: Scott Harvey
Title: Chief Legal Officer

IN WITNESS WHEREOF, the parties have caused this Hypothec to be executed by their duly authorized representatives as of the date first above written.

RÉSEAUX SIMPLER
INC./SIMPLER NETWORKS
INC.

By: _____
Name:
Title:

HERCULES TECHNOLOGY
GROWTH CAPITAL INC.

By: 
Name: Scott Harvey
Title: Chief Legal Officer

SCHEDULE "A"

FORM OF POWER OF ATTORNEY

DESCRIPTION OF SHARES:

shares (the "Shares") in the capital stock of _____, a company incorporated under the laws of _____ (the "Company") represented by share certificate no(s):

FOR VALUE RECEIVED, the undersigned hereby pursuant to the Movable Hypothec dated January _____, 2006, as amended, supplemented, modified, restated or replaced from time to time:

1. sells, assigns and transfers unto _____ the aforementioned Shares standing in the name of the undersigned on the books of the Company; and
2. irrevocably constitutes and appoints _____ the Attorney(s) of the undersigned to complete the foregoing transfer and/or any transfer on the transfer panel of the respective share certificates representing such Shares and to transfer the said Shares on the books of the Company, with full power of substitution in the premises.

DATED effective this _____ day of _____, _____.

Per: _____
Authorized Signatory

SCHEDULE B**SIMPLER NETWORKS INC.**Patent Applications:

<u>Reference No.</u>	<u>Title (Country)</u>	<u>Application Serial No. (filing date)</u>
16805-1USPR	Electro-Mechanical Relay (EMR) (United States)	60/577,166 (June 7, 2004)
16805-2PCT 16805-2US	MEMS Actuators (PCT) MEMS Actuators (United States)	PCT/CA2004/000569 (April 15, 2004) 10/782,708 (February 17, 2004) Allowance Recd
16805- 2USPR-1	MEMS Actuators (United States)	(unknown) 18-Mar-05
16805- 2USPR-2	MEMS Actuators (United States)	- -
16805-3US	Apparatus for Installing a Length of Wire and Method (United States)	10/631,041 (July 29, 2003)
16805-3PCT	Thermal MEMS Actuator (PCT)	PCT/CA2004/001411 (July 28, 2004)
16805-4GEN	Bistable Switch with Shape Memory Metal (Slider) (United States)	09/596,876 (June 19, 2000)
16805-5USPR	Collapsing Bridge Crimp (United States)	60/577,185 (June 7, 2004)
16805-6GEN	Non-Blocking Cross-Connects	- -

SIMPLER NETWORKS INC.

Trademarks:

<u>Trademarks</u>	<u>Status</u>	<u>Renewal</u>
<u>CANADA</u>		
EZ-MDF App. 1,017,860 TMA549,768	Registered	August 14, 2016
SMARTLOOP App. 1,031,564 TMA 549,244	Registered	August 3, 2016
<u>UNITED STATES</u>		
ENGINEERING NETWORK EVOLUTION App. 76/148,969 (Class 9)	Application	October 18, 2000

Copyrights:

None.

SCHEDULE "C"

REAL RIGHTS, CHARGES, HYPOTHECS AND SECURITY INTERESTS

See Attached.

REGISTRATION NUMBER	REGISTRATION DATE	REGISTRATION EXPIRY DATE	TYPE	GRANTOR	BENEFICIARY	AMOUNT	DESCRIPTION OF PROPERTY (summary form - complete description available, upon request)	REMARKS (including reference to document creating registered rights)
A 01-0215681-0004	2001-06-19	2007-06-05	Rights of ownership of the Lessor (under a leasing contract)	Simpler Networks Inc. (Lessee)	Image Financial Services Inc. (Lessor)	N/A	Finisher-E1, serial number ZRZ96694 1 Canon IT330 new digital copier, serial number NNY16644 1 Canon RP200 digital copier, serial number NPY02554 DADF-B1, serial number ZSC38837.	Agreement executed under private signature on June 5, 2001 in Saint-Laurent Quebec.
B 03-0004909-0005	2003-01-07	2006-12-31	Rights resulting from a lease and assignment of rights	Reseau Simpler Inc (Lessee)	Automobiles Jalbert Kirkland (Lessor) MACRO Trust and The Canada Trust Company acting as Trustee for MACRO Trust, pursuant to an assignment of rights by BMW Canada Inc., registered on February 13, 2004 under number 04-0077457-0001 (Assignee)	N/A	One 2003 BMW 325i, serial number WBAEV33453KL59776.	Agreement executed under private signature on December 31, 2002 in Kirkland, Quebec. The assignment covers all rights.
C 04-0556419-0007	2004-09-23	2009-09-17	Rights resulting from a lease and assignment of rights	Simpler Networks Inc (Lessee)	1850-9315 Quebec Inc (Lessor) Toyota Credit Canada Inc. (Assignee)	N/A	One 2004 Lexus RX330, serial number 2T2HA31U94C039342.	Agreement executed under private signature on September 17, 2004 in Lachine, Quebec. The assignment covers all rights.

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REGISTRATION NUMBER	REGISTRATION DATE	REGISTRATION EXPIRY DATE	TYPE	GRANTOR	BENEFICIARY	AMOUNT	DESCRIPTION OF PROPERTY (summary form - complete description available, upon request)	REMARKS (including reference document creating registered rights)
D 05-0494349-0009	2005-08-26	2011-08-23	Rights resulting from a lease	Simpler Networks Inc (Lessee)	CBSC Capital Inc. (Lessor)	N/A	1 X IRC3220 Copier, 1 X IR2230 copier with all attachments, accessories and proceeds thereof including insurance proceeds and indemnities.	Agreement executed under private signature on August 23, 2005 in Dorval, Quebec and Oakville, Ontario. Term of lease: 60 months 20 payments of: \$1,978 plus applicable taxes