

**PATENT ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
------------------	----------------

NATURE OF CONVEYANCE:	SECURITY AGREEMENT
-----------------------	--------------------

CONVEYING PARTY DATA

Name	Execution Date
Caspian Networks, Inc.	07/13/2004

RECEIVING PARTY DATA

Name:	Presidio Management Group VIII, L.L.C.
Street Address:	2735 Sand Hill Road
City:	Menlo Park
State/Country:	CALIFORNIA
Postal Code:	94025

PROPERTY NUMBERS Total: 14

Property Type	Number
Application Number:	60237943
Application Number:	09703196
Application Number:	10190296
Application Number:	09703188
Application Number:	09699199
Application Number:	09733278
Application Number:	10367625
Application Number:	09880600
Application Number:	10051864
Application Number:	09966986
Application Number:	10192766
Application Number:	60304259
Application Number:	10086763
Application Number:	10439557

CORRESPONDENCE DATA

**500002448**

**PATENT**  
**REEL: 014873 FRAME: 0496**

**CH \$560.00 60237943**

Fax Number: (650)324-1808  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 650-325-8666  
Email: trademarks@tzllp.com  
Correspondent Name: Tomlinson Zisko LLP  
Address Line 1: 200 Page Mill Road  
Address Line 4: Palo Alto, CALIFORNIA 94306

NAME OF SUBMITTER:

Kelly Phair McCarthy

**Total Attachments: 14**

source=Caspian Security Agreement Page 1#page1.tif  
source=Caspian Security Agreement Page 2#page1.tif  
source=Caspian Security Agreement Page 3#page1.tif  
source=Caspian Security Agreement Page 4#page1.tif  
source=Caspian Security Agreement Page 5#page1.tif  
source=Caspian Security Agreement Page 6#page1.tif  
source=Caspian Security Agreement Page 7#page1.tif  
source=Caspian Security Agreement Page 8#page1.tif  
source=Caspian Security Agreement Page 9#page1.tif  
source=Caspian Security Agreement Page 10#page1.tif  
source=Caspian Security Agreement Page 11#page1.tif  
source=Caspian Security Agreement Page 12#page1.tif  
source=Caspian Security Agreement Page 13#page1.tif  
source=Caspian Security Agreement Page 14#page1.tif

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made and entered into as of July 13, 2004, by and among Caspian Networks, Inc., a Delaware corporation (the "Company"), and Presidio Management Group VIII, L.L.C. (the "Agent"), in its capacity as agent on behalf of the Investors (as defined below) party to the Secured Convertible Note Purchase Agreement of even date herewith, as amended from time to time (the "Purchase Agreement").

### RECITAL

WHEREAS, the Company has issued or will issue to the Investors, as defined in the Purchase Agreement, one or more Secured Convertible Promissory Notes in an aggregate principal amount of, and as set forth on Exhibit A attached hereto, up to \$ \_\_\_\_\_ (each, a "Note," and collectively, the "Notes") pursuant to the Purchase Agreement. Each Note provides that the obligations thereunder shall be secured by the security interest contemplated by this Agreement. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and to the extent not defined therein, shall have the meanings set forth in the Notes.

NOW, THEREFORE, the Company and the Agent hereby agree as follows:

### AGREEMENT

#### 1. Grant of Security Interest.

(a) Security Interest. As security for the full and prompt payment and performance of the Obligations as defined in Section 1(b) below, the Company hereby grants to the Agent, on behalf of and for the ratable benefit of all of the Investors, a continuing security interest in all of the Company's right, title and interest in and to in the property described in Exhibit B (the "Collateral"). Notwithstanding the foregoing, the security interest granted herein does not extend to and the term "Collateral" does not include: (A) property subject to the Permitted Liens of parties providing financing for such property; (B) any license or contract rights or any other property to the extent the granting of a security interest in it would be contrary to applicable law.

(b) Obligations Secured. The security interest granted hereunder secures payment and performance of all obligations of the Company to the Agent under this Agreement and all obligations of the Company to each Investor under the Purchase Agreement and the Notes, including all unpaid principal of the Notes, all interest accrued thereon, and all other amounts payable by the Company to each Investor under the Notes whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including any interest that accrues after the commencement of an Insolvency Proceeding (collectively, the "Obligations").

(c) Company's Representations and Warranties. The Company represents and warrants that the representations and warranties set forth in the Purchase Agreement, as amended, are true and correct in all material respects as of the date hereof, or with respect to

those representations and warranties expressly referring to another date, such representations and warranties remain true and correct in all material respects as of such date.

2. Representations and Warranties. Company hereby further represents and warrants that:

(a) Except for the security interest granted under this Agreement and Permitted Liens, Company has good and marketable title to each item of the Collateral.

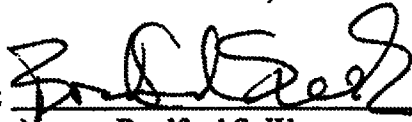
(b) Company's taxpayer identification number is, and chief executive office, principal place of business, and the place where Company maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof. If Company is a corporation, limited liability company, limited partnership, corporate trust or other registered organization, the State (or if not a state, the other jurisdiction) under whose law such registered organization was organized is set forth on the signature page hereof. The Collateral is presently located only at: (i) the addresses set forth on Exhibit C attached hereto; (ii) employee home offices where not more than \$250,000 of Collateral, in the aggregate may be located; (iii) locations where Collateral may be temporarily located for sales, demonstration and testing purposes.

(c) All registered copyrights, patents, exclusive patent licenses and trademarks, exclusive trademark licenses and any material software releases now owned by Company are listed on Exhibit D attached hereto.

**REDACTED  
CONFIDENTIAL INFORMATION  
Section 3 through 10  
Remainder of Page 2 though Page 7**

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

CASPIAN NETWORKS, INC.

By:   
Name: Bradford S. Wurtz  
Title: President & Chief Executive Officer

AGENT

PRESIDIO MANAGEMENT GROUP VIII,  
L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

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

CASPIAN NETWORKS, INC.

By: \_\_\_\_\_  
Name: Bradford S. Wurtz  
Title: President & Chief Executive Officer

AGENT

PRESIDIO MANAGEMENT GROUP VIII,  
L.L.C.

By:  \_\_\_\_\_  
Name: David Liddle  
Title: Managing Member

Gray Cary/PA110562836.6  
2502082-900006

EXHIBIT A

**REDACTED  
CONFIDENTIAL INFORMATION  
Exhibit A**

Gray Cary/PA110362836.6  
2502082-900000

**PATENT**

**REEL: 014873 FRAME: 0502**

**DEBTOR: CASPIAN NETWORKS, INC.**  
**SECURED PARTY: PRESIDIO MANAGEMENT GROUP VIII, L.L.C., AS AGENT**

EXHIBIT B

**COLLATERAL DESCRIPTION**

All personal property of Caspian Networks, Inc. (herein referred to as "the Company" or "Debtor") whether presently existing or hereafter created or acquired, and wherever located, including, but not limited to:

(a) all accounts (including health-care-insurance receivables), chattel paper (including tangible and electronic chattel paper), deposit accounts, documents (including negotiable documents), general intangibles (including payment intangibles and software), goods (including fixtures), instruments (including promissory notes), investment property (including securities and securities entitlements), letter of credit rights, money, and all of Debtor's books and records with respect to any of the foregoing, and the computers and equipment containing said books and records;

(b) all common law and statutory copyrights and copyright registrations, applications for registration, now existing or hereafter arising, in the United States of America or in any foreign jurisdiction, obtained or to be obtained on or in connection with any of the foregoing, or any parts thereof or any underlying or component elements of any of the foregoing, together with the right to copyright and all rights to renew or extend such copyrights and the right (but not the obligation) of Secured Party to sue in its own name and/or in the name of the Debtor for past, present and future infringements of copyright;

(c) all trademarks, service marks, trade names and service names and the goodwill associated therewith, together with the right to trademark and all rights to renew or extend such trademarks and the right (but not the obligation) of Secured Party to sue in its own name and/or in the name of the Debtor for past, present and future infringements of trademark;

(d) all (i) patents and patent applications filed in the United States Patent and Trademark Office or any similar office of any foreign jurisdiction, and interests under patent license agreements, including, without limitation, the inventions and improvements described and claimed therein, (ii) licenses pertaining to any patent whether Debtor is licensor or licensee, (iii) income, royalties, damages, payments, accounts and accounts receivable now or hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) right (but not the obligation) to sue in the name of Debtor and/or in the name of Secured Party for past, present and future infringements thereof, (v) rights corresponding thereto throughout the world in all jurisdictions in which such patents have been issued or applied for, and (vi) reissues, divisions, continuations, renewals, extensions and continuations-in-part with respect to any of the foregoing;

(e) all inventory including, without limitation: (i) all raw materials, work in process, parts, components, assemblies, supplies and materials used or consumed in Debtor's business; and (ii) all goods, wares and merchandise, finished or unfinished, held for sale or lease or leased or furnished or to be furnished under contracts of service; (iii) all goods returned to or repossessed by Debtor;

(f) all of Debtor's machinery, equipment, office equipment and supplies, furniture, furnishings, tools, tooling, jigs, dies, fixtures, manufacturing implements, motor vehicles and trailers; and



(g) any and all cash proceeds and/or noncash proceeds of any of the foregoing, including, without limitation, insurance proceeds, and all supporting obligations and the security therefor or for any right to payment. All terms above have the meanings given to them in the California Uniform Commercial Code, as amended or supplemented from time to time.

Gray Cary\PA\10362836.6  
2502082-900000

PATENT

REEL: 014873 FRAME: 0504

EXHIBIT C

**REDACTED  
CONFIDENTIAL INFORMATION  
Exhibit C**

Gray Cary/APA/10362836.6  
2502082-900000

EXHIBIT D

LIST OF INTELLECTUAL PROPERTY

The Company has the following trademarks filed and published in the United States and internationally: "*Caspian*," "*Caspian Networks*" and "*Apeiro*."

The Company has been issued the following patent: "Micro-Flow Management," patent number: 6,574,195.

See Schedule D-1 attached hereto for list of pending patent applications.

**REDACTED  
CONFIDENTIAL INFORMATION  
Exhibit D  
Remainder of Page 1**

Schedule D-1

Patent Title	Number	Date	Expiration	Inventor	Status	Control	City	Contract Number
1 <i>Encapsulation Transport for Multiservices over MPLS</i>	5444	10/3/2000	60/237,943	Hartani	Withdrawn	Rajiv Patel	Fenwick	(650) 335-7607
2 <i>Parallel Network Processor Array</i>	4786	10/31/2000	09/703,196	Roberts	Pending PTO Review	Rajiv Patel	Fenwick	(650) 335-7607
3 <i>Notice of Routing Protocols of Changes to Routing</i>	C53.12-0002	7/3/2002	10/190,296	Inderteden	Pending PTO Review	David Brush	Westman	(612) 334-3222
4 <i>Single Hop, High Dimensionality Switching Component</i>	60010-0011	10/31/2000	09/703,188	Roberts	Pending PTO Review	Bobby Truong	Hickman	(408) 414-1080
5 <i>System and Method for Utilization Based Micro-flow Label Switching</i>	C.ASPP002	10/27/2000	09/699,199	Tanaka	Pending PTO Review	AI Penilla	Martine	(408) 749-6903
6 <i>Micro-flow Label Switching for Aggregate Flows</i>	C.ASPP001	12/8/2000	09/733,278	Roberts	Pending PTO Review	AI Penilla	Martine	(408) 749-6903
7 <i>Mechanism for Determining Lowest Cost, Maximally Disjoint Paths With a Router</i>	60010-0017	2/14/2003	10/367,625	Hartani	Pending PTO Review	Bobby Truong	Hickman	(408) 414-1080
8 <i>Micro-flow Switch Path and Link Failure Recovery</i>	60010-0012	6/12/2001	09/880,600	Roberts	Pending PTO Review	Bobby Truong	Hickman	(408) 414-1080
9 <i>System and Method for Network Tunneling Utilizing Micro-flow State Information</i>	C.ASPP003	1/16/2002	10/051,864	Hauck	Pending PTO Review	AI Penilla	Martine	(408) 749-6903
10 <i>Reducing Flexing and Component Interference of Printed Circuit Board Assemblies</i>	5607	9/7/2001	09/966,986	Huang	Pending PTO Review	Rajiv Patel	Fenwick	(650) 335-7607

Gray CaryPA\10362836.6  
2-502082-900000

PATENT

REEL: 014873 FRAME: 0507

11	<i>Mechanism for Implementing Multiple Logical Routers Within a Single Physical Router</i>	60010-0016 60010-0013	7/9/2002 7/9/2001	10/192,766 60/304,259	Hartani Hartani	Pending PTO Review	Bobby Truong Bobby Truong	Hickman Hickman	(408) 414-1080 (408) 414-1080
12	<i>Traffic Management Claims - Continuation of Micro-flow Manager</i>	6741	4/19/2000	10/086,763	Roberts	Pending PTO Review	Rajiv Patel	Fenwick	(650) 335-7607
13	<i>Mechanism for enabling Intra-Router Information Transfer Over Long Distances</i>	60010-0019	5/15/2003	10/439,557	Roberts	Pending PTO Review	Bobby Truong	Hickman	(408) 414-1080

Patent Counsel

Rajiv Patel - Partner  
Fenwick & West  
Silicon Valley Center  
801 California Street  
Mountain View, CA 94041  
(650) 335-7607

Bobby Truong - Partner  
Hickman, Palermo, Truong & Becker  
1600 Willow Street  
San Jose, CA 95125  
(408) 414-1080

Al Penilla - Partner  
Martine & Penilla  
710 Lakeway Drive, Suite 170  
Sunnyvale, CA 94085  
(408)749-6903

Gray Cary/PAVI0362836.6  
2502082-000000

Dave Brush - Partner  
 Westman, Champlin & Kelly  
 Suite 1600- International Centre  
 900 Second Avenue South  
 Minneapolis, MN 55402  
 (612) 334-3222

Caspian Networks, Inc. - Trademarks		COUNTRY		Serial Number / Reg. Number	Classes
Trademark's Title	Attorney's Number	COUNTRY	COUNTRY	Serial Number / Reg. Number	Classes
APEIRO		China (people's Republic)		1,917,557	9
APEIRO		China (people's Republic)		1,954,556	38
APEIRO		European Union		2,049,013	9,16,38
APEIRO		Hong Kong		6802 / 2002	9
APEIRO		Hong Kong		6803 / 2002	38
APEIRO		Japan PENDING application # 2001/4,238			38
APEIRO		Taiwan		1,011,064	9
APEIRO		Taiwan		164,544	38
APEIRO		US		76 / 102,441	9
APEIRO		US		76 / 102,440	38
APEIRO (and design)	22134-00070 US			78/169,861	9 and 38
CASPIAN		Australia		846,695	9 and 38

Gray Cary/PA\10362836.6  
 2502082-900000

**Caspian Networks, Inc. -  
Trademarks**

**Trademarks**

Trademark Title	Registration Number	Country	Serial Number	Reg. Number	Class
CASPIAN		China (people's Republic)	2,016,851		9
CASPIAN		China (people's Republic)	1,764,726		38
CASPIAN		European Union	1,817,592		9,16,38
CASPIAN		Hong Kong	14,013 / 2001		9
CASPIAN		Hong Kong	14,014 / 2001		38
CASPIAN		Japan	4,506,235		9 and 38
CASPIAN		New Zealand	621,219		9
CASPIAN		New Zealand	621,220		38
CASPIAN		Singapore	T00/15,751F		9
CASPIAN		Singapore	T00/15,752D		38
CASPIAN		South Korea	4,895		9 and 38
CASPIAN		Taiwan	989,568		9
CASPIAN		Taiwan	144,375		38
CASPIAN	22134-00070 US		75/939747		9
CASPIAN	22134-00070 US		75/939746		38
CASPIAN NETWORKS	22134-00070 US		76/105939		9
CASPIAN NETWORKS	22134-00070 US		76/105938		38
CASPIAN NETWORKS (and design)	22134-00070 US		76/190476		9
CASPIAN NETWORKS (and design)	22134-00070 US		76/190475		38

Caspian Networks, Inc. - Trademarks	COUNTRIES	Serial Number Reg. Number	Class
CASPIANAPEIRO	Japan	4,646,653	9

Trademark Counsel  
**Connie L. Ellerbach**  
**Fenwick & West**  
 Silicon Valley Center  
 801 California Street  
 Mountain View, CA 94041  
 (650) 988-8500

Cray CopyPAV10 162R3566  
 2507082-900000