

02-20-2004

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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102673758

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

POLYFUEL, INC.

a Delaware corporation

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

☐ Assignment

☐ Merger

☒ Security Agreement - Second

Execution Date: February 9, 2004

2. Name and address of receiving party(ies)

Name: LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

a Delaware limited partnership

Internal Address: _____

Street Address: 500 Drake's Landing Road

City: Greenbrae State: California Zip: 94904

Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)

Please see attached Schedule 1.

B. Patent No.(s)

Please see attached Schedule 1.

Additional number(s) attached ☒ Yes ☐ No

5. Name and address of party to whom correspondence

concerning document should be mailed:

Name: Gregory B. Phillips

Internal Address: c/o Latham & Watkins LLP

Street Address: 650 Town Center Drive, Suite 2000

City: Costa Mesa State: CA Zip: 92626

6. Total number of applications and patents involved: 24

7. Total fee (37 CFR 3.41).....\$ 960

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

500524 (For additional fees, if any)

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Gregory B. Phillips
Senior IP Paralegal

Name of Person Signing



Signature

February 17, 2004

Date

Total number of pages including cover sheet, attachments, and document: 32

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

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PATENT
REEL: 014981 FRAME: 0331

SCHEDULE I

PATENT APP. OR REG. NO.	PATENT TITLE
U.S. Pat. No. 5,980,998	Deposition of Substances on a Surface
60/208746	Composite Polymer Membranes for Fuel Cells
09/872770	Polymer Composition
60/295114	Fuel Cell Assembly for Portable Electronic Devices
10/161558	Fuel Cell Assembly for Portable Electronic Devices
10/309954	Fuel Cell Assembly for Portable Electronic Devices and Interface, Control and Regulator Circuit for Fuel Cell Powered Electronic Device Fuel Cell Cartridge for Portable Electronic Device
60/295475	Interface, Control, and Regulator Circuit for Fuel Cell Powered Electronic Device
60/342972	Printing of Catalyst on the Membrane of Fuel Cells
10/325366	Printing of Catalyst on the Membrane of Fuel Cells
60/332436	Catalyst Agglomerates for Membrane Electrode Assemblies
10/301131	Catalyst Agglomerates for Membrane Electrode Assemblies
60/351445	Acid Base Proton Conducting Polymer Blend Membrane
10/351257	Acid Base Proton Conducting Polymer Blend Membrane
60/367043	Laptop Computer Fuel Cell Based Recharge Power Supply and Method Improved Laptop Computer Fuel Cell Based Recharge Power Supply and Method
60/430591	Fuel Cell Power Supply for Portable Computing Device and Method for Fuel Cell Power Control
60/373077	Fuel Cell Powered Electronic Devices
60/465724	Fuel Cell Powered Electronic Devices

PATENT APP. OR REG. NO.	PATENT TITLE
60/381136	Synthesis of Sulfonated PEEK via Direct Polymerization with Sulfonated Monomer
60/511603	Synthesis of Sulfonated PEEK via Direct Polymerization with Sulfonated Monomer
60/426540	Sulfonated Copolymers
60/446395	Sulfonated Copolymers
10/438186	Sulfonated Copolymers
60/449299	Ion Conductive Copolymer Ion Conductive Block Copolymer
60/502024	Process for Application of Gas Diffusion Layer to a Catalyst Coated Membrane

POLYFUEL, INC.

SECURITY AGREEMENT

This Security Agreement (this "Agreement") is entered into as of February 9, 2004, by and among Lighthouse Capital Partners IV, L.P. ("Lighthouse"), the holders of secured promissory notes identified on Exhibit A hereto (the "Creditors" and, together with Lighthouse, the "Lenders") and PolyFuel, Inc., a Delaware corporation (the "Company").

RECITALS

A. In connection with those certain secured promissory notes issued on the date hereof (each, a "Note" and, collectively, the "Notes") by the Company, in favor of the Creditors, the Creditors have provided loans to the Company in the amounts, as to each Creditor, set forth on Exhibit A hereto. Each Note ranks *pari passu* with the other Notes with respect to right of payment and priority of security interests regardless of the attachment or perfection date of such interests.

B. Lighthouse and the Company entered into that certain Loan and Security Agreement (the "Lighthouse Agreement"), dated as of September 15, 2003, pursuant to which Lighthouse provided loans to finance the purchase of equipment. The obligations owed by the Company to Lighthouse pursuant to the Lighthouse Agreement were secured by a security interest in certain of the Company's property.

C. The parties hereto have entered into this Agreement to, among other things, create security interests in favor of the Lenders and further define the rights, duties, authority and responsibilities of the Lenders regarding their interests in the Collateral (as defined below).

In consideration of the mutual promises herein contained, the parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION

1.1 **Definitions.** Initially capitalized terms used and not otherwise defined herein are defined in the California Uniform Commercial Code ("UCC").

"Affiliate" is defined in Rule 501 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, with "control" as used therein to include without limitation direct or indirect control of ten percent (10%) or more of stock or voting power.

"Collateral" means (i) all assets and properties of the Company set forth on Exhibit B hereto; and (ii) all products and proceeds of the foregoing, including proceeds of insurance and proceeds of proceeds.

"Default" means any event which with the passing of time or the giving of notice or both would become an Event of Default hereunder.

"Event of Default" shall have the meaning set forth in the Notes.

"Lien" means any pledge, bailment, lease, mortgage, hypothecation, conditional sales and title retention agreement, charge, claim, encumbrance or other lien in favor of any Person.

"Loan Documents" means, collectively, this Agreement, the Notes and all other documents, instruments and agreements entered into between the Company and the Lenders in connection with this Agreement, all as amended or extended from time to time.

"Obligations" means all debt, principal, interest, fees, charges, expenses and attorneys' fees and costs and other amounts owing by the Company to the Lenders of any kind and description pursuant to or evidenced by the Loan Documents, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

"Permitted Liens" means (a) the Liens created by this Agreement, (b) any Liens existing as of the date hereof, (c) purchase money Liens (i) on all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which the Company has any interest (as such definition may be amended from time to time, **"Equipment"**) acquired or held by the Company incurred for financing the acquisition of such Equipment and secured only by such Equipment or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of such Equipment, (d) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings that do not jeopardize the Collateral or the Lenders' Liens therein, (e) licenses or sublicenses granted in the ordinary course of the Company's business and any interest or title of a licensor or under any license or sublicense, and (f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (d) but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase.

"Permitted Transferee" shall mean any Lender or an Affiliate of a Lender; provided, however, that in no event shall the Company be a Permitted Transferee.

"Person" means an individual, corporation, partnership, trust or unincorporated organization, a government or any agency or political subdivision thereof.

"Post-Default Payment" means any payment with respect to the Obligations or of proceeds of the Collateral received after the Required Creditors have issued a Notice of Default.

"Required Creditors" means Creditors holding at least 60% of the aggregate outstanding principal amount of the Notes.

"Special Trust Account" means that certain restricted account maintained for the purpose of receiving and holding Post-Default Payments.

1.2 Other Interpretive Provisions. References herein to "Articles," "Sections," "Exhibits," "Schedules" and "Annexes" are to recitals, articles, sections, exhibits, schedules and annexes hereof unless otherwise indicated. The words "hereof," "herein" and "hereunder" and similar words refer to this Agreement in its entirety. "Including" is not limiting. "Or" is not necessarily exclusive. Unless otherwise indicated herein or any other Loan Document, all accounting terms shall be construed in accordance with generally accepted accounting principles consistently applied.

2. CREATION OF SECURITY INTEREST

2.1 Grant of Security Interest. Effective as of the date hereof and with respect to the Notes, the Company hereby grants to the each Creditor a valid, first priority, continuing security interest in all presently existing and hereafter acquired or arising Collateral, subject only to the Permitted Liens, in order to secure the prompt, full and complete payment and performance of any and all Obligations owed to the Creditors and in order to secure prompt, full and complete performance by the Company of each of its duties under each of the Notes. Each Note and the attendant security interest shall rank *pari passu*. Effective as of the date hereof and with respect to the Lighthouse Agreement, the Company hereby grants to Lighthouse a valid, second priority, continuing security interest in all presently existing and hereafter acquired or arising Collateral, subject only to the Permitted Liens, in order to secure the prompt, full and complete payment and performance of any and all debt, obligations or liabilities now or hereafter owed by the Company to Lighthouse and in order to secure prompt, full and complete performance by the Company of each of its duties under the Lighthouse Agreement (collectively, the "Lighthouse Obligations").

2.2 Authorization to File Financing Statements. The Company irrevocably authorizes the Required Creditors at any time and from time to time to file in any jurisdiction any financing statements and amendments that: (a) name Collateral as collateral thereunder, regardless of whether any particular Collateral falls within the scope of the UCC; (b) contain any other information required by the UCC for sufficiency or filing office acceptance, including organization identification numbers; and (c) contain such language as the Required Creditors determine helpful in acquiring or preserving rights against third parties. The Company ratifies any such filings made prior to the date hereof.

2.3 Further Assurances. At any time and from time to time, at the expense of the Company, the Company will promptly execute and deliver all further instruments and documents, in form and substance acceptable to the Required Creditors, and take all further action, that may be necessary or desirable, or that the Required Creditors may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Lenders to exercise and enforce their rights and remedies hereunder respecting any Collateral or to preserve and protect the Lenders' interest in or the value of the Collateral, and pay the costs

of any recording or filing of the same, and the Required Creditors may do anything which they in their discretion deem necessary to perfect and protect the Lenders' interest in the Collateral. Without limiting the generality of the foregoing, the Company will make appropriate entries upon its financial statements and its books and records disclosing the Lenders' security interest in the Collateral. The Company authorizes the Required Creditors to notify any parties of the existence and terms of the Lenders' security interest in the Collateral.

2.4 Power of Attorney. The Company hereby irrevocably appoints the Required Creditors as the Company's attorney-in-fact and authorizes the Required Creditors, with full authority in the place and stead of the Company and in the name of the Company or otherwise, to exercise at any time in the Required Creditors' discretion all or any of the following powers, at the Company's sole expense, which powers of attorney, being coupled with an interest, are irrevocable throughout the term hereof: (a) to take any action or to execute any instrument to accomplish the purposes hereof and to sign the Company's name upon documents to be executed, recorded, or filed to perfect or continue perfected the Lenders' security interests in the Collateral; (b) to settle any claim or other matter respecting any insurance concerning the Collateral, and to obtain at the Company's expense and adjust insurance required to be paid hereunder; (c) to file in the name of the Company or the Lenders any claim, action, or proceeding deemed advisable respecting any of the Collateral; (d) to receive, take, endorse, assign, deliver, accept and deposit, in the name of the Lenders or the Company, any and all cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to the Collateral or the proceeds thereof; and (e) after an Event of Default to change the address for delivery of the Company's mail to the Required Lenders and to receive and open mail addressed to the Company. The Company ratifies and approves all such acts.

2.5 Right to Inspect. The Lenders may, at any time during the Company's usual business hours after providing twenty-four (24) hours' advance notice to the Company, inspect the Collateral and all records related thereto, and discuss the Company's affairs and finances with any person and verify and audit the amount, quality, quantity, value and condition of, or any other matter relating to, Collateral. The Company hereby irrevocably authorizes and directs all third party accountants, auditors and attorneys to discuss the Company's financial and business affairs with the Lenders while any Obligations are outstanding and unpaid, and agrees that a copy of this Section may be shown such persons as proof of such authority.

3. RELATIONSHIPS AMONG LENDERS

3.1 Restrictions on Actions. Each Lender agrees that without the consent of the Required Creditors, so long as any Obligations under the Notes are outstanding, the provisions of this Agreement provide the exclusive method by which the Lenders may exercise rights and remedies under this Agreement. Therefore, each Lender shall, for the mutual benefit of all Lenders, except as permitted under this Agreement, refrain from taking or filing any action, judicial or otherwise, to enforce any rights or pursue any remedy under this Agreement or with respect to the Collateral, except for delivering notices hereunder. The Company and the Creditors acknowledge and agree that nothing in this Agreement prohibits, limits or in any manner impairs Lighthouse's exercise of its rights and remedies under the Lighthouse Agreement, including the exercise of its rights and remedies as a secured creditor with respect to the property encumbered by the security interest granted pursuant to the Lighthouse Agreement.

3.2 Representations and Warranties. Each Lender represents and warrants to the other parties hereto that this Agreement constitutes the legal, valid and binding obligation of such Lender.

3.3 Recognition of Security Interests, Liens and Encumbrances. Each of the Lenders acknowledges and recognizes the validity of the respective security interests, liens, assignment and encumbrances granted by the Company to each of them in and to the Collateral, and the relative priorities thereof. In furtherance of the foregoing, each of the Lenders agrees that (i) in the event any lien granted by this Agreement is avoided by final court order or otherwise found or deemed to be unperfected as a matter of law, the terms of this Agreement will continue to govern the relationship among the Lenders, and the priority of the claim of any Lender to the Collateral shall, as among the Lenders, be determined by this Agreement rather than by such court order or any applicable law and (ii) each Lender shall enjoy the benefits of this Agreement, and be entitled to enforce the provisions hereof, notwithstanding the fact that its liens or security interests in the Collateral are deemed to be invalid, unenforceable, unperfected or avoidable by court order or as a matter of law. Each of the Lenders agrees that it shall not now, nor at any time, undertake any action which would contest the extent or validity of the liens or security interests granted by the Company in this Agreement to any other Lender.

4. COVENANTS

The Company covenants and agrees that, until the full and complete payment of the Obligations under the Notes, the Company shall, unless consented to in writing by the Required Creditors, do all of the following:

4.1 Good Standing. The Company shall maintain its corporate existence and its good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which the failure to so qualify could have a material adverse effect on the financial condition, operations or business of the Company.

4.2 Notice of Defaults. As soon as possible, and in any event within five (5) days after the discovery of a Default or an Event of Default, provide the Lenders with an Officer's Certificate of the Company setting forth the facts relating to or giving rise to such Default or Event of Default and the action which the Company proposes to take with respect thereto.

4.3 Maintenance. The Company, at its expense, shall maintain the Collateral in good condition, reasonable wear and tear excepted, and will comply in all material respects with all laws, rules and regulations to which the use and operation of the Collateral may be or become subject. Such obligation shall extend to repair and replacement of any partial loss or damage to the Collateral, regardless of the cause. If maintenance is mandated by manufacturer, the Company shall obtain and keep in effect, maintenance service contracts with suppliers approved by the Required Creditors, such approval not to be unreasonably withheld. All parts furnished in connection with such maintenance or repair shall immediately become part of the

Collateral. All such maintenance, repair and replacement services shall be immediately paid for and discharged by the Company with the result that no Lien will attach to the Collateral.

4.4 Insurance. The Company, at its own expense, shall maintain its existing (a) insurance against loss or damage to the Collateral, and (b) commercial general liability insurance, including contractual liability, products liability and completed operations coverage. Upon the written request of the Required Creditors, to the extent practicable, each such insurance policy shall name the Lenders loss payees or additional insureds, as appropriate. The Company shall give the Lenders prompt notice of any damage to, or loss of, any Collateral.

4.5 Loss; Damage; Destruction and Seizure.

(a) The Company shall bear the risk of the Collateral being lost, stolen, destroyed, damaged beyond repair, rendered permanently unfit for use, or seized by a governmental authority for any reason whatsoever at any time until the expiration or termination of the term of this Agreement.

(b) So long as no Event of Default has occurred and is continuing, any proceeds of insurance maintained pursuant to Section 4.4 received by the Lenders or the Company with respect to an item of Collateral, the repair of which is practicable, shall, at the election of the Company, be applied either to the repair or replacement of such Collateral or, upon the Lenders' receipt of evidence of the repair or replacement of the Collateral reasonably satisfactory to the Required Creditors, to the reimbursement of the Company for the cost of such repair or replacement. All replacement parts and equipment acquired by the Company in replacement of Collateral pursuant to this Section 4.5(b) shall immediately become part of the Collateral upon acquisition by the Company. The Company shall take such actions and provide such documentation as may be reasonably requested by the Required Creditors to protect and preserve its security interest and otherwise to avoid any impairment of Lenders' rights under this Agreement in connection with such repair or replacement.

4.6 Further Assurances. At any time and from time to time the Company shall execute and deliver such further instruments and take such further action as may reasonably be requested by the Required Lenders to effect the purposes hereof.

4.7 Changes. The Company will not, without the written consent of the Required Creditors, change the state of incorporation, chief executive office or principal place of business or remove or cause to be removed, except in the ordinary course of the Company's business, the Collateral or the records concerning the Collateral from the premises listed in Section 8 without thirty (30) days prior written notice to the Lenders.

4.8 Permitted Liens. The Company shall not create, incur, assume or suffer to exist any Lien or any other encumbrance of any kind with respect to the Collateral, except for Permitted Liens.

5. LENDER'S RIGHTS AND REMEDIES

5.1 Actions Following a Default or Event of Default.

(a) On or after an Event of Default which is continuing, the Required Creditors may elect to accelerate the Obligations and instruct the Lenders to enforce, or prepare to enforce, remedies available under this Agreement. If the Required Creditors instruct the Lenders to enforce such remedies, all amounts held in the Special Trust Account and all other Post-Default Payments shall be distributed in accordance with Section 6 hereof. No Lender may take any action to enforce any rights or remedies available under this Agreement or the UCC with respect to the Collateral without the written consent of the Required Creditors.

(b) On and after an Event of Default which is continuing, the Required Creditors may proceed to enforce payment of the Obligations and the Lighthouse Obligations and to exercise any or all of the rights and remedies afforded to the Lenders by the UCC with respect to the Collateral. The Required Creditors may enter the premises of the Company, without legal process and without incurring liability to the Company, to remove all or any Collateral to such place or places as the Required Creditors may deem advisable, or the Required Creditors may require the Company to assemble the Collateral and make it available to the Required Creditors at a place to be designated by the Required Creditors that is convenient to the Required Creditors. The Required Creditors may dispose of all or any part of the Collateral, whether in its then condition or after further preparation or processing, either at a public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, in one or more sales, and upon such terms and conditions as the Required Creditors may elect, with or without having the Collateral present at the time of sale or disposition.

(c) The Company shall pay to the Creditors on demand all expenses, including legal expenses and reasonable attorneys' fees, incurred or paid by the Creditors in protecting and enforcing the rights of the Creditors hereunder, including the Creditor's right to take possession of the Collateral and the proceeds thereof, and to hold, prepare for sale, sell and dispose of the Collateral. The Required Creditors shall give the Company at least ten days' prior written notice of the time and place of any public sale or disposition of the Collateral or the date after which a private sale or disposition of the Collateral shall take place, which the Company agrees shall constitute commercially reasonable notice. The Creditors may purchase all or any of the Collateral at any private (to the extent permitted by applicable law) or public sale. The proceeds of the sale or other disposition of the Collateral shall be applied as set forth in Section 6. The Company agrees that the Creditors may enforce its rights in the Collateral under this Agreement without obtaining a court order of any nature.

5.3 Effect of Waivers. Notwithstanding any provision of the Notes or this Agreement to the contrary the Required Creditors may waive any Event of Default under the Notes. All waivers effected pursuant to this Section 5.3 shall be effective to bind all Lenders, regardless of whether the Lender has voted in favor of granting the waiver, and all future holders of the Notes, to the extent set forth in the waiver shall effect an amendment of provisions of the Notes the breach of which caused the waived Event of Default. Each Lender agrees that it shall

execute and deliver such documents as the applicable Required Creditors may deem necessary or desirable to effect the terms of this Agreement.

5.4 Cooperation. To the extent that the exercise of the rights, powers and remedies of the Lenders in accordance with this Agreement requires that any action be taken by any Lender, such Lender shall take such action and cooperate with the Lenders to ensure that the rights, powers and remedies of all Lenders are exercised in full.

5.5 Consents. Consents requested by the Company to actions or conditions which would (or might), if consummated or continued, constitute a Default or Event of Default shall require the prior approval of the Required Creditors determined as if the Default or Event of Default had occurred and shall have the same effect as a waiver pursuant to this Section 5.

6. APPLICATION OF PAYMENTS AND PROCEEDS OF COLLATERAL

6.1 Post-Default Payments. After a Creditor has sent to the other Creditors a Notice of Default, all Post-Default Payments shall be deposited into the Special Trust Account. If the Event of Default is waived in accordance with Section 5 hereof and no other Event of Default has occurred and is continuing, all amounts, together with a pro rata share of interest earned thereon, in the Special Trust Account representing payment of any Obligations shall be paid to the Lender entitled thereto under the applicable Obligation.

6.2 Distributions following Enforcement of Remedies. If the Required Creditors advise the Lenders to exercise remedies, then all funds, together with interest earned thereon, held in the Special Trust Account and all subsequent Post-Default Payments shall be distributed in the following order:

(a) First, to pay all costs and expenses and fees then due or incurred in connection with enforcement of remedies or protection of the Collateral;

(b) Second, to Lighthouse to the extent required to satisfy the obligations owed by the Company to Lighthouse pursuant to the Lighthouse Agreement;

(c) Third, to the Creditors to the extent required to satisfy the obligations owed by the Company to the Creditors pursuant to the Notes; and

(d) Fourth, to such Persons as may be legally entitled thereto.

In the event any Creditor receives any payment, distribution, security or proceeds and delivers them to Lighthouse or to the Special Trust Account and such amounts are paid to Lighthouse, the Creditor, at such time that Lighthouse has been paid in full all amounts due under the Lighthouse Agreement, shall be subrogated to the rights of Lighthouse under the Lighthouse Agreement against the Company in the amount of such payment, distribution, security or proceeds.

6.3 Application by Individual Creditors. Notwithstanding any calculation of prorations under the terms of this Agreement or the order of payment set forth above, any Lender may maintain one or more different accounting procedures for its Obligations (e.g., for regulatory, financial reporting, or other purposes) and may apply or reapply funds received by it pursuant to this Section 6 in a different order or manner from that required or permitted hereby, but such application shall not affect the calculations made or the rights of any Lender (including the rights to distributions under this Section 6) for purposes this Agreement.

6.4 Deposit in Special Trust Account. Except upon the written consent of the Required Creditors, after the Required Creditors have advised the Lenders to enforce remedies, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff or otherwise) on account of any Obligations or any collateral therefor in excess of the payments permitted hereunder and under the Loan Documents, such Lender shall (i) promptly report to the Lenders such receipt of payment or collateral, (ii) hold such amounts in trust for the Lenders and act as agent for the Lenders during the time any such payments or collateral are held by it, and (iii) promptly deposit in the Special Trust Account all such payments. Nothing in this Agreement shall be deemed or urged to obligate Lighthouse to hold in trust or deposit into the Special Trust Account any amounts received by Lighthouse as a result of the exercise of its rights and remedies under the Lighthouse Agreement.

6.5 Lighthouse. Upon satisfaction in whole of all liabilities owed by the Company to Lighthouse pursuant to the Lighthouse Agreement, Lighthouse shall release its Liens against all the Company's assets and properties. Lighthouse agrees to take such action as is necessary to effect the release of such Liens.

7. WAIVERS

Without limiting the generality of the other waivers made by the Company herein, to the maximum extent permitted under applicable law, the Company hereby irrevocably waives all of the following:

(a) Any right to assert against the Lenders as a defense, counterclaim, set-off or crossclaim, any defense (legal or equitable), set-off, counterclaim, crossclaim and/or other claim (i) which the Company may now or at any time hereafter have against any party liable to any Lender in any way or manner, or (ii) arising directly or indirectly from the present or future lack of perfection, sufficiency, validity and/or enforceability of this Agreement of the Notes, or any security interest.

(b) (i) presentment, demand and notice of presentment, dishonor, notice of intent to accelerate, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all accounts, documents, instruments, chattel paper and guaranties at any time held by any Lender on which the Company may in any way be liable and hereby ratifies and confirms whatever any Lender may do in this regard, (ii) any bond or security which might be required by any court prior to allowing a Lender to exercise any of its remedies, and (iii) the benefit of all marshalling, valuation, appraisal and exemption laws.

(c) The right, if any, to require the Lenders to (i) proceed against any person liable for any of the Obligations as a condition to or prior to proceeding hereunder; and (ii) foreclose upon, sell or otherwise realize upon or collect or apply any other property, real or personal, securing any of the Obligations, as a condition to, or prior to proceeding hereunder.

(d) If any Lender seeks to take possession of any or all of the Collateral by judicial process: (i) any bond and any surety or security relating thereto which is otherwise required by any statute, court rule or otherwise as an incident to such possession; (ii) any demand for possession prior to the commencement of any suit or action to recover possession thereof; and (iii) any requirement that a Lender retain possession and not dispose of any such Collateral until after trial or final judgment.

8. NOTICES

Unless otherwise provided herein, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, or by prepaid facsimile to the Company or to the Lenders, as the case may be, at their respective addresses set forth below:

If to the Company: PolyFuel, Inc.
1245 Terra Bella Ave.
Mountain View, CA 94043
Attention: Chief Financial Officer
FAX: (650) 930-0216

If to Lighthouse: Lighthouse Capital Partners IV, LP
500 Drake's Landing Road
Greenbrae, California 94904-3011
Attention: Contract Administrator
FAX: (415) 925-3387

If to a Creditor: To such Creditor at the address or fax number set forth under such Creditor's name on Exhibit A hereto.

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

9. GENERAL PROVISIONS

9.1 **General.** This Agreement represents and documents the entirety of the agreement and understanding of the parties hereto with respect to its subject matter. **THIS AGREEMENT MAY NOT BE MODIFIED EXCEPT BY A WRITING SIGNED BY THE COMPANY AND HOLDERS OF NOTES REPRESENTING AT LEAST 60% OF THE**

AGGREGATE OUTSTANDING PRINCIPAL OF ALL THE NOTES. THIS AGREEMENT AND THE SECURITY INTERESTS CREATED BY IT MAY BE TERMINATED BY THE COMPANY AND HOLDERS OF NOTES REPRESENTING AT LEAST 60% OF THE AGGREGATE OUTSTANDING PRINCIPAL OF ALL THE NOTES. Each provision hereof shall be severable from every other provision when determining its legal enforceability such that the Lenders' rights and remedies under this Agreement may be enforced to the maximum extent permitted under applicable law. This Agreement shall be binding upon, and inure to the benefit of, each party's respective permitted successors and assigns. This Agreement may be executed in counterparts, all of which, when taken together, shall constitute one and the same original document. Time is of the essence.

9.2 Jury Trial Waiver. THE PARTIES EACH HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING HERETO OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

9.3. Relationship of Parties. The Company and the Lenders acknowledge, understand and agree that the relationship between the Company, on the one hand, and the Lenders, on the other, is, and at all times shall remain solely that of a borrower and lenders. No Lender shall under any circumstances be construed to be a partner or joint venturer of the Company or any of its Affiliates by reason of this Agreement; nor shall any Lender under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Company or any of its Affiliates, or to owe any fiduciary duty to the Company or any of its Affiliates by reason of this Agreement. The Lenders do not undertake or assume any responsibility or duty to the Company or any of its Affiliates to select, review, inspect, supervise, pass judgment upon or otherwise inform the Company or any of its Affiliates of any matter in connection with its or their property, any Collateral held by any Lender or the operations of the Company or any of its Affiliates. The Company and each of its Affiliates shall rely entirely on their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Lenders in connection with such matters is solely for the protection of the Lenders and neither the Company nor any Affiliate is entitled to rely thereon.

9.4. Choice of Law and Venue; Jury Trial Waiver. This Agreement has been and will be entered into, and performance due, in California. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA. EACH OF THE COMPANY AND THE LENDERS HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTIES OF MARIN AND SAN FRANCISCO, STATE OF CALIFORNIA.

9.5 Forced Conversion of Notes. Unless repaid earlier, upon the written consent of the Required Creditors, the aggregate outstanding principal amount of each Note, together with all accrued but unpaid interest thereon, will automatically convert into that number

of the type of Equity Securities issued in the Next Financing as is determined by dividing (i) the aggregate outstanding principal amount of such Note, together with all accrued but unpaid interest thereon, by (ii) the purchase price per share of such Equity Securities paid by investors in the Next Financing. The terms "Equity Securities" and "Next Financing" shall have the meanings ascribed to them in the Notes.

9.6 Termination. Unless otherwise terminated, this Agreement and the rights and obligations hereunder shall terminate when all Obligations under the Notes have been satisfied in full, either by payment, exchange for Equity Securities, or conversion to Equity Securities pursuant to Section 9.5.

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

POLYFUEL, INC.

By: 

Name: James Balcom

Title: President and Chief Executive Officer

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.

Title: Its General Partner

By: _____

Name: _____

Title: _____

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

POLYFUEL, INC.

By: _____
Name: James Balcom
Title: President and Chief Executive Officer

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.
Title: Its General Partner

By: Thomas Connolly
Name: Thomas Connolly
Title: Vice President

CHRYSLIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: MW
Its: MANAGING DIRECTOR

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

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CHRYSLIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: _____
Its: _____

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

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VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: _____
Its: General Partner

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: _____
Its: Manager

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: _____
Managing Member

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

MIDDLEFIELD VENTURES, INC.

By: _____
Name: _____
Title: _____

VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: _____
Its: General Partner

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: Shula Musher
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: Shula Musher
Managing Member

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: _____
Its: Manager

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: Shula Musher
Managing Member

MIDDLEFIELD VENTURES, INC.

By: _____
Name: _____
Title: _____

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** TOTAL PAGE.05 **

VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: _____
Its: General Partner

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: _____
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: _____
Its: Manager

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

MIDDLEFIELD VENTURES, INC.

By: _____
Name: _____
Title: **Mike Burns**
Assistant Treasurer

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SIGNATURE PAGE TO POLYFUEL, INC.
SECURITY AGREEMENT

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ATTACHMENTS

Exhibit A	- Creditors
Exhibit B	- Collateral Description

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031038-0003

EXHIBIT B

COLLATERAL DESCRIPTION

This FINANCING STATEMENT and SECURITY AGREEMENT covers all of Debtor's interests in all of the following types or items of property, wherever located and whether now owned or hereafter acquired, and Debtor hereby grants Secured Parties a security interest therein as collateral for the payment and performance of all present and future indebtedness, liabilities, guarantees and obligations of Debtor to Secured Parties, howsoever arising. Debtor agrees that said security interest may be enforced by Secured Parties in accordance with the terms of all security and other agreements between Secured Party and Debtor, the California Uniform Commercial Code, or both, and that this document shall be fully effective as a security agreement, even if there is no other security or other agreement between Secured Parties or Debtor:

All assets of the Debtor; all personal property of Debtor;

All "accounts", "general intangibles", "chattel paper", "contract rights", "documents", "instruments", "deposit accounts", "inventory", "farm products", "fixtures" and "equipment", as such terms are defined in Division 9 of the California Uniform Commercial Code in effect on the date hereof;

All general intangibles of every kind, including without limitation, intellectual property, patents, copyrights, trade names, trademarks and the goodwill of the business symbolized thereby, federal, state and local tax refunds and claims of all kinds; all rights as a licensor or licensee of any kind; all customer lists, trade secrets, telephone numbers, processes, proprietary information and purchase orders, and all rights to purchase, lease sell, or otherwise acquire or deal with real or personal property and all rights relating thereto;

All returned and repossessed goods and all rights as a seller of goods; all collateral securing any of the foregoing; all deposit accounts, special and general, whether on deposit with Secured Party or others;

All life and other insurance policies, claims in contract, tort or otherwise, and all judgments now or hereafter arising therefrom;

All right, title and interest of Debtor, and all of Debtor's rights, remedies, security and liens, in, to and in respect of all accounts and other collateral, including, without limitation, rights of stoppage in transit, replevin, repossession and reclamation and other rights and remedies of an unpaid vendor, lienor or secured party, and all guarantees and other contracts of suretyship with respect to any accounts and other collateral, and all deposits and other security for any accounts and other collateral, and all credit and other insurance;

All notes, drafts, letters of credit, contract rights, and things in action; all drawings, specifications, blueprints and catalogs; and all raw materials, work in process, materials used or consumed in Debtor's business, goods, finished goods, returned goods and all other goods and inventory of whatsoever kind or nature, any and all wrapping, packaging, advertising and shipping

materials, and all documents relating thereto, and all labels and other devices, names and marks affixed or to be affixed thereto for purposes of selling or identifying the same or the seller or manufacturer thereof;

All inventory wherever located; all present and future claims against any supplier of any of the foregoing, including claims for defective goods or overpayments to or undershipments by suppliers; all proceeds arising from the lease or rental of any of the foregoing; INVENTORY RETURNED BY DEBTOR TO ITS SUPPLIERS SHALL REMAIN SUBJECT TO SECURED PARTY'S SECURITY INTEREST;

All equipment and fixtures, including without limitation all machinery, machine tools, motors, controls, parts, vehicles, workstations, tools, dies, jigs, furniture, furnishings and fixtures; and all attachments, accessories, accessions and property now or hereafter affixed to or used in connection with any of the foregoing, and all substitutions and replacements for any of the foregoing; all warranty and other claims against any vendor or lessor of any of the foregoing;

All investment property;

All books, records, ledger cards, computer data and programs and other property and general intangibles at any time evidencing or relating to any or all of the foregoing; and

All cash and non-cash products and proceeds of any of the foregoing, in whatever form, including proceeds in the form of inventory, equipment or any other form of personal property, including proceeds of proceeds and proceeds of insurance, and all claims by Debtor against third parties for loss or damage to, or destruction of, or otherwise relating to, any or all of the foregoing;

PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT INCLUDE ANY OF THE COMPANY'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THE PROPERTY IN WHICH A SECURITY INTEREST WAS GRANTED TO LIGHTHOUSE CAPITAL PARTNERS IV, L.P. PURSUANT TO THE LOAN AND SECURITY AGREEMENT, DATED AS OF SEPTEMBER 15, 2003, BY AND BETWEEN THE COMPANY AND LIGHTHOUSE CAPITAL PARTNERS IV, L.P., NOR SHALL THE FOREGOING INCLUDE ANY OF THE COMPANY'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THE PROPERTY LEASED TO THE COMPANY BY DOMINION VENTURE FINANCE, L.L.C. PURSUANT TO THE MASTER LEASE AGREEMENT, DATED AS OF MAY 15, 2001, BY AND BETWEEN THE COMPANY AND DOMINION VENTURE FINANCE, L.L.C., NOR SHALL THE FOREGOING INCLUDE ANY OF THE COMPANY'S RIGHT, TITLE AND INTEREST IN, TO AND UNDER THE PROPERTY EITHER LICENSED TO THE COMPANY BY SRI INTERNATIONAL OR LICENSED BY THE COMPANY TO SRI INTERNATIONAL PURSUANT TO THE LICENSE AND SERVICES AGREEMENT, DATED AS OF OCTOBER 27, 2000, BY AND BETWEEN THE COMPANY AND SRI INTERNATIONAL.

NOTICE - PURSUANT TO AN AGREEMENT BETWEEN DEBTOR AND SECURED PARTIES, DEBTOR HAS AGREED NOT TO FURTHER ENCUMBER THE COLLATERAL DESCRIBED HEREIN, THE FURTHER ENCUMBERING OF WHICH MAY CONSTITUTE THE TORTIOUS INTERFERENCE WITH SECURED PARTIES' RIGHTS BY SUCH ENCUMBRANCER. IN THE EVENT THAT ANY ENTITY IS GRANTED A SECURITY

INTEREST IN DEBTOR'S ACCOUNTS, CHATTEL PAPER, GENERAL INTANGIBLES OR OTHER ASSETS CONTRARY TO THE ABOVE, THE SECURED PARTIES ASSERT A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.

"DEBTOR"

POLYFUEL, INC.,
a Delaware corporation

By: 

Name: Jim Balcan

Title: President & CEO

"SECURED PARTIES"

CHRYSALIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: _____
Its: _____

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.
Its: General Partner

By: _____
Its: _____

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

INTEREST IN DEBTOR'S ACCOUNTS, CHATTEL PAPER, GENERAL INTANGIBLES OR OTHER ASSETS CONTRARY TO THE ABOVE, THE SECURED PARTIES ASSERT A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.

"DEBTOR"

POLYFUEL, INC.,
a Delaware corporation

By: _____

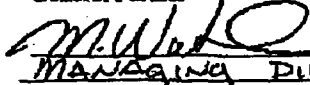
Name: _____

Title: _____

"SECURED PARTIES"

CHRYSLIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: 
Its: MANAGING DIRECTOR

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.
Its: General Partner

By: _____
Its: _____

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

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INTEREST IN DEBTOR'S ACCOUNTS, CHATTEL PAPER, GENERAL INTANGIBLES OR OTHER ASSETS CONTRARY TO THE ABOVE, THE SECURED PARTIES ASSERT A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.

"DEBTOR"

POLYFUEL, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

"SECURED PARTIES"

CHRYSLIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: _____
Its: _____

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.
Its: General Partner

By: The Company
Its: Vice President

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: _____
Its: Managing Director

OTHER ASSETS CONTRARY TO THE ABOVE, THE SECURED PARTIES ASSERT A CLAIM TO ANY PROCEEDS THEREOF RECEIVED BY SUCH ENTITY.

"DEBTOR"

POLYFUEL, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

"SECURED PARTIES"

CHRYSALIX ENERGY LIMITED PARTNERSHIP

By: Chrysalix Energy Management, Inc.
Its: General Partner

By: _____
Its: _____

LIGHTHOUSE CAPITAL PARTNERS IV, L.P.

By: Lighthouse Management Partners IV, L.L.C.
Its: General Partner

By: _____
Its: _____

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner
By: _____
Its: Managing Director

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director
By: _____
Its: Managing Director

MAYFIELD ASSOCIATES FUND V,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner
By: _____
Its: Managing Director

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner
By: _____
Its: Managing Director

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VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: 
Its: General Partner

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: _____
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: 
Its: Manager

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

MIDDLEFIELD VENTURES, INC.

By: _____
Name: _____
Title: _____

VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: _____
Its: General Partner

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: _____
Its: Manager

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: Shirley Muddox
Managing Member

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: Shirley Muddox
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: Shirley Muddox
Managing Member

MIDDLEFIELD VENTURES, INC.

By: _____

Name: _____

Title: _____

VENTURES WEST 7 LIMITED PARTNERSHIP

By: Ventures West 7 Management Ltd.
Its: General Partner

By: _____
Its: General Partner

TECHNOLOGY PARTNERS FUND VI, L.P.

By: TP MANAGEMENT VI, L.L.C.

By: _____
Managing Member

TECHNOLOGY PARTNERS FUND VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

VENTURES WEST 7 U.S. LIMITED PARTNERSHIP

By: Ventures West 7 Management (International), Inc.
Its: Manager

By: _____
Its: Manager

TECHNOLOGY PARTNERS AFFILIATES VII, L.P.

By: TP MANAGEMENT VII, L.L.C.

By: _____
Managing Member

MIDDLEFIELD VENTURES, INC.

By: *MB*
Name: _____
Title: Mike Burns
Assistant Treasurer

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KCS	2/5/04

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SIGNATURE PAGE TO THE DESCRIPTION OF COLLATERAL TO
POLYFUEL, INC. SECURITY AGREEMENT

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