

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT				
NATURE OF CONVEYANCE:	SECURITY AGREEMENT				
CONVEYING PARTY DATA					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;">Name</td> <td style="text-align: center; padding: 5px;">Execution Date</td> </tr> <tr> <td style="padding: 5px;">Yadav Technology, Inc.</td> <td style="padding: 5px;">03/14/2008</td> </tr> </table>	Name	Execution Date	Yadav Technology, Inc.	03/14/2008	
Name	Execution Date				
Yadav Technology, Inc.	03/14/2008				
RECEIVING PARTY DATA					
Name:	Thomvest Seed Capital Inc.				
Street Address:	65 Queen Street West, Suite 2400				
City:	Toronto, Ontario				
State/Country:	CANADA				
Postal Code:	M5H 2M8				
PROPERTY NUMBERS Total: 18					
Property Type	Number				
Application Number:	60853115				
PCT Number:	US0853619				
Application Number:	11674124				
Application Number:	11678515				
PCT Number:	US0853621				
Application Number:	11739648				
PCT Number:	US0853623				
Application Number:	11776692				
Application Number:	11740861				
Application Number:	60863812				
PCT Number:	US0853624				
Application Number:	11932940				
PCT Number:	US0853625				
Application Number:	11866830				
PCT Number:	US0853626				

CH \$720.00 60853115

500512259

PATENT
REEL: 020792 FRAME: 0860

Application Number:	11860467
Application Number:	12040801
Application Number:	12040827

CORRESPONDENCE DATA

Fax Number: (650)938-5200
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: (650)335-7133
Email: jmcnelis@fenwick.com
Correspondent Name: John T. McNelis
Address Line 1: Fenwick & West LLP
Address Line 2: 801 California Street
Address Line 4: Mountain View, CALIFORNIA 94041

ATTORNEY DOCKET NUMBER:	26612-00010
NAME OF SUBMITTER:	John T. McNelis

Total Attachments: 21
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SECURITY AGREEMENT

This Security Agreement (as such agreement may be amended, modified or otherwise supplemented from time to time, this "**Security Agreement**"), dated as of March 14, 2008, is executed by Yadav Technology, Inc., a Delaware corporation (together with its successors and assigns, "**Company**"), in favor of **Collateral Agent** (as defined in subsection 10(a) herein) on behalf of the Purchasers listed on the signature pages hereof.

RECITALS

A. Company and the Purchasers have entered into a Note Purchase Agreement, dated as of the date hereof (the "**Purchase Agreement**"), pursuant to which the Company has issued secured convertible promissory notes (such notes, as they may be amended, modified or otherwise supplemented from time to time, each a "**Note**" and collectively, the "**Notes**") in favor of the Purchasers and pursuant to which the Company may issue additional Notes to Purchasers at Additional Closings.

B. In order to induce each Purchaser to extend the credit evidenced by the Notes, Company has agreed to enter into this Security Agreement and to grant Collateral Agent, for the benefit of itself and the Purchasers, the security interest in the Collateral described below.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Company hereby agrees with Collateral Agent and the Purchasers as follows:

1. Definitions and Interpretation. When used in this Security Agreement, the following terms have the following respective meanings:

"**Collateral**" has the meaning given to that term in Section 2 hereof.

"**Lien**" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"**Obligations**" means all loans, advances, debts, liabilities and monetary obligations, howsoever arising, owed by Company to Collateral Agent and the Purchasers of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Notes, including, all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by Company hereunder and thereunder, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101, *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"**Permitted Liens**" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established; (b) Liens in respect of property or assets imposed by law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's, mechanics', landlords' and vendors' Liens and other similar Liens arising in the ordinary course of business which are not delinquent

for more than 30 days or remain payable without penalty or which are being contested in good faith and by appropriate proceedings; (c) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and mechanic's Liens, carrier's Liens and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, performance and return of money bonds and other similar obligations, incurred in the ordinary course of business, whether pursuant to statutory requirements, common law or consensual arrangements; (d) Liens in favor of the Collateral Agent; (e) Liens upon any equipment acquired or held by Company or any of its Subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, so long as such Lien extends only to the equipment financed, and any accessions, replacements, substitutions and proceeds (including insurance proceeds) thereof or thereto; (f) banker's Liens and similar Liens (including set-off rights) in respect of bank deposits; (g) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties and in connection with the importation of goods in the ordinary course of business; (h) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums; (i) leases or subleases and licenses or sublicenses granted in the ordinary course of business; (j) any Liens expressly consented to in writing by the Collateral Agent and Purchasers holding a Majority in Interest and (k) the Liens on the Collateral granted to the Collateral Agent under this Security Agreement.

"Transaction Documents" means, collectively, the Notes and this Security Agreement (as such agreements may be amended, modified or otherwise supplemented from time to time).

"UCC" means the Uniform Commercial Code as in effect in the State of California from time to time.

All capitalized terms not otherwise defined herein shall have the respective meanings given in the Notes. Unless otherwise defined herein, all terms defined in the UCC have the respective meanings given to those terms in the UCC.

2. **Grant of Security Interest.** As security for the Obligations, Company hereby pledges to Collateral Agent and grants to Collateral Agent a continuing security interest of first priority in all right, title and interests of Company in and to the property described in Attachment 1 hereto, whether now existing or hereafter from time to time acquired (collectively, the **"Collateral"**).

3. **General Representations and Warranties.** Company represents and warrants to Collateral Agent and the Purchasers that (a) Company is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time Company acquires rights in the Collateral, will be the owner thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens (except with respect to the rights of other parties to contracts, including intellectual property licenses, which form part of the Collateral); (b) upon the filing of UCC-1 financing statements in the appropriate filing offices, Collateral Agent has (or in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) a first priority perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for Permitted Liens; (c) to the knowledge of the Company, all Inventory has been (or, in the case of hereafter produced Inventory, will be) produced in material compliance with applicable laws, including the Fair Labor Standards Act; (d) all accounts receivable and payment intangibles are genuine and enforceable against the party obligated to pay the same in the amounts set forth on the Company's financial statements, net of reserves for doubtful collection; (e) the originals of all documents evidencing all accounts receivable and payment intangibles of Company and the only original books of account and records of Company relating thereto are, and will continue to be, kept at the chief executive office of

Company set forth on Schedule B or at such other locations as Company may establish in accordance with Section 5(d), and (f) all information set forth in Schedules A and B hereto is true and correct.

4. Representations and Warranties regarding Intellectual Property. Company represents and warrants to Collateral Agent and the Purchasers that as of the date of this Security Agreement: (a) Schedule A sets forth a list of each patent, trademark, copyright or mask work registered in, or the subject of pending applications in, the Patent and Trademark Office or the Copyright Office or any similar offices or agencies in any other country or any political subdivision thereof; (b) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to the registered patents, copyrights, trademarks and mask works set forth on Schedule A; (c) to the Company's knowledge, there is no claim by any third party that any such patents, trademarks, copyrights or mask works are invalid and unenforceable; (d) the Company has not granted to any other Person any license to use its patents, trademarks, copyrights, mask works or trade secrets; (e) all material licenses of patents, trademarks, copyrights, mask works, trade secrets or the intellectual property rights of any other Person granted to Company (other than licenses of commercially available, off the shelf software) are set forth on Schedule A hereto; (f) Company has obtained from each employee who may be considered the inventor of patentable inventions (invented within the scope of such employee's employment) an executed assignment to the Company of all rights to such inventions, including patents; and (g) Company has taken reasonable steps necessary to protect the secrecy and the validity under applicable law of all material trade secrets.

5. Covenants Relating to Collateral. Company hereby agrees (a) to use commercially reasonable efforts to maintain, preserve, protect and perfect the Collateral, the Lien granted to Collateral Agent therein and the perfection and priority of such Lien, except for Permitted Liens, subject to the Company's right to abandon registration of intellectual property rights that it concludes, in the exercise of its reasonable business judgment should be abandoned as provided in Section 6(d); (b) not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral; (c) to pay promptly when due all taxes and other governmental charges, all Liens and all other charges now or hereafter imposed upon or affecting any Collateral; (d) without at least 30 days' written notice to Collateral Agent, (i) not to change Company's name or place of business (or, if Company has more than one place of business, its chief executive office), or the office in which Company's records relating to accounts receivable and payment intangibles are kept, (ii) not to change Company's state of incorporation, (iii) not to keep Collateral consisting of chattel paper at any location other than its chief executive office set forth in item 1 of Schedule B hereto, and (iv) not to keep Collateral consisting of equipment or inventory at any location other than the locations set forth in item 4 of Schedule B hereto; (e) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings reasonably deemed necessary or appropriate by Collateral Agent to perfect, maintain and protect its Lien hereunder and the priority thereof and to deliver promptly to Collateral Agent all originals of Collateral consisting of instruments; (f) to appear in and defend any action or proceeding which may affect its title to or Collateral Agent's interest in the Collateral; (g) if Collateral Agent gives value to enable Company to acquire rights in or the use of any Collateral, to use such value for such purpose; (h) to keep separate, accurate and complete records of the Collateral and to provide Collateral Agent with such records and such other reports and information relating to the Collateral as Collateral Agent may reasonably request from time to time; (i) not to surrender or lose possession of (other than to Collateral Agent), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; provided that Company may sell, lease, transfer, license or otherwise dispose of any of the Collateral in the ordinary course of business consisting of (i) the sale of inventory, (ii) sales of worn-out or obsolete equipment, (iii) non-exclusive licenses and similar arrangements for the use of the property of Company, and (iv) the collection and use of proceeds of accounts and other proceeds of sale of any products or services; (j) if requested by Collateral Agent, to

type, print or stamp conspicuously on the face of all original copies of all Collateral consisting of chattel paper a legend satisfactory to Collateral Agent indicating that such chattel paper is subject to the security interest granted hereby; (k) to collect, enforce and receive delivery of the accounts receivable and payment intangibles in accordance with past practice until otherwise notified by Collateral Agent; (l) to comply with all material requirements of law relating to the production, possession, operation, maintenance and control of the Collateral (including the Fair Labor Standards Act) and (m) to permit Collateral Agent and its representatives the right, at any time during normal business hours, upon reasonable prior notice, to visit and inspect the properties of Company and its corporate, financial and operating records, and make abstracts therefrom, and to discuss Company's affairs, finances and accounts with its directors, officers and independent public accountants.

6. Covenants Regarding Intellectual Property. Company hereby agrees:

(a) Company will perform all acts and execute all documents, including notices of security interest for each relevant type of intellectual property in forms suitable for filing with the Patent and Trademark Office or the Copyright Office, that may be necessary or desirable to record, perfect, and maintain the perfection of Collateral Agent's security interest in the Collateral, the Lien granted to Collateral Agent in the Collateral and the first priority of such Lien;

(b) [Intentionally reserved]

(c) Company will promptly (and in any event within 10 days) notify Collateral Agent upon the filing, either by Company or through any agent, employee, licensee or designee, of (i) an application for the registration of any patent or trademark, with the Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, (ii) any assignment of any patent or trademark, which Company may acquire from a third party, with the Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, or (iii) any assignment of any copyright or mask work, which Company may acquire from a third party, with the Copyright Office or any similar office or agency in any other country or any political subdivision thereof. Upon the request of Collateral Agent, Company shall execute and deliver any and all agreements, instruments, documents and papers as Collateral Agent may reasonably request to evidence Collateral Agent's security interest in such patent, trademark (and the goodwill and general intangibles of Company relating thereto or represented thereby), copyright or mask work, and Company authorizes Collateral Agent to amend an original counterpart of the applicable notice of security interest executed pursuant to Section 6(a) of this Security Agreement without first obtaining Company's approval of or signature to such amendment and to record such document with the Patent and Trademark Office or Copyright Office, as applicable;

(d) Company will take all necessary steps in any proceeding before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to diligently prosecute or maintain, as applicable, each application and registration of the patents, trademarks, copyrights and mask works, which it elects to file, including filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings (except to the extent that dedication, abandonment or invalidation is permitted hereunder), provided, however, that the Company may elect to abandon any such registration which it deems in the exercise of its reasonable business judgment to be unnecessary to the Company's business or uneconomical to pursue;

(e) Company shall (i) use proper statutory notice in connection with its use of the patents, trademarks, copyrights and mask works, (ii) maintain consistent standards of quality in its manufacture of products sold under the trademarks or provision of services in connection with the

trademarks, and (iii) take all steps which are reasonably necessary to protect the secrecy and the validity under applicable law of all material trade secrets;

(f) Company agrees that if it learns of any use by any Person of any term or design likely to cause confusion with any trademark, Company shall promptly notify Collateral Agent of such use and of all steps taken and to be taken to remedy any infringement of any trademark; and

(g) Company shall maintain with each employee who may have access to the trade secrets of Company an agreement by which such employee agrees not to disclose such trade secrets and with each employee who may be the inventor of patentable inventions (invented within the scope of such employee's employment) an invention assignment agreement requiring such employee to assign all rights to such inventions, including patents and patent applications, to Company and further requiring such employee to cooperate fully with Company, its successors in interest, in the prosecution of any patent application or in any litigation involving the invention, whether such cooperation is required during such employee's employment with Company or after the termination of such employment.

7. Authorized Action by Collateral Agent. Company hereby irrevocably appoints Collateral Agent as its attorney-in-fact (which appointment is coupled with an interest) and agrees that Collateral Agent may perform (but Collateral Agent shall not be obligated to and shall incur no liability to Company or any third party for failure so to do) any act which Company is obligated by this Security Agreement to perform, and to exercise such rights and powers as Company might exercise with respect to the Collateral, including the right to (a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral; (b) in accordance with the provisions of this Security Agreement and the UCC, to enter into one or more agreements for the disposition of the Collateral; (c) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral; (d) insure, process and preserve the Collateral; (e) pay any indebtedness of Company relating to the Collateral; and (f) file UCC financing statements and execute other documents, instruments and agreements required hereunder; provided, however, that Collateral Agent shall not exercise any such powers granted pursuant to subsections (a) through (e) prior to the occurrence of an Event of Default and shall only exercise such powers during the continuance of an Event of Default. Company agrees to reimburse Collateral Agent upon demand for any reasonable costs and expenses, including attorneys' fees, Collateral Agent may incur while acting as Company's attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations. It is further agreed and understood between the parties hereto that such care as Collateral Agent gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Collateral Agent's possession; provided, however, that Collateral Agent shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

8. Litigation and Other Proceedings.

(a) Company shall have the right and obligation to commence and diligently prosecute such suits, proceedings or other actions for infringement or other damage, or reexamination or reissue proceedings, or opposition or cancellation proceedings as are reasonable to protect any of its material patents, trademarks, copyrights, mask works or trade secrets. No such suit, proceeding or other actions shall be settled or voluntarily dismissed, nor shall any party be released or excused of any claims of or liability for infringement, without the prior written consent of Collateral Agent, which consent shall not be unreasonably withheld.

(b) Upon the occurrence and during the continuation of an Event of Default, Collateral Agent shall have the right but not the obligation to bring suit or institute proceedings in the name of Company or Collateral Agent to enforce any rights in the Collateral, including any license thereunder, in which event Company shall at the request of Collateral Agent do any and all lawful acts and execute any and all documents reasonably required by Collateral Agent in aid of such enforcement. If Collateral Agent elects not to bring suit to enforce any right under the Collateral, including any license thereunder, Company agrees to use all commercially reasonable measures, whether by suit, proceeding or other action, to cause to cease any infringement of any material right under patents, trademarks, copyrights, mask works or trade secrets included in the Collateral by any Person.

9. Default and Remedies.

(a) Default. Company shall be deemed in default under this Security Agreement upon the occurrence and during the continuance of an Event of Default (as defined in the Notes).

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Collateral Agent shall have the rights of a secured creditor under the UCC, all rights granted by this Security Agreement and by law, including the right to: (a) require Company to assemble the Collateral and make it available to Collateral Agent and the Purchasers at a place to be designated by Collateral Agent and the Purchasers; and (b) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Collateral Agent and the Purchasers deem appropriate. Company hereby agrees that twenty (20) days' notice of any intended sale or disposition of any Collateral is reasonable. In furtherance of Collateral Agent's rights hereunder, Company hereby grants to Collateral Agent an irrevocable, non-exclusive license, exercisable without royalty or other payment by Collateral Agent, and only in connection with the exercise of remedies hereunder and only for so long as an Event of Default is continuing, in the Collateral (but with respect to any intellectual property licensed to the Company by any third party, only to the extent that the Company has the legal right to grant such license) to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Company now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

(c) Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Collateral Agent at the time of, or received by Collateral Agent after, the occurrence of an Event of Default) shall be paid to and applied as follows:

(i) First, to the payment of reasonable costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Collateral Agent;

(ii) Second, to the payment to each Purchaser of the amount then owing or unpaid on such Purchaser's Note, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon such Note, then its Pro Rata Share of the amount remaining to be distributed (to be applied first to accrued interest and second to outstanding principal);

(iii) Third, to the payment of other amounts then payable to each Purchaser under any of the Transaction Documents, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid under such Transaction Documents, then its Pro Rata Share of the amount remaining to be distributed; and

(iv) Fourth, to the payment of the surplus, if any, to Company, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

For purposes of this Security Agreement, the term "**Pro Rata Share**" shall mean, when calculating a Purchaser's portion of any distribution or amount, that distribution or amount (expressed as a percentage) equal to a fraction (i) the numerator of which is the original outstanding principal amount of such Purchaser's Note and (ii) the denominator of which is the original aggregate outstanding principal amount of all Notes issued under the Purchase Agreement. In the event that an Purchaser receives payments or distributions in excess of its Pro Rata Share, then such Purchaser shall hold in trust all such excess payments or distributions for the benefit of the other Purchasers and shall pay such amounts held in trust to such other Purchasers upon demand by such Purchasers to the end that all Purchasers shall have in the aggregate received their Pro Rata Shares of amounts to be distributed.

10. Collateral Agent.

(a) Appointment. The Purchasers hereby appoint Thomvest Seed Capital Inc. as collateral agent for and on behalf of the Purchasers under this Security Agreement (in such capacity, the "**Collateral Agent**") to serve from the date hereof until the termination of the Security Agreement.

(b) Powers and Duties of Collateral Agent, Indemnity by Purchasers.

(i) Each Purchaser hereby irrevocably authorizes the Collateral Agent to take such action and to exercise such powers hereunder as provided herein or as requested in writing by the Purchasers of a Majority in Interest in accordance with the terms hereof, together with such powers as are reasonably incidental thereto. Collateral Agent may execute any of its duties hereunder by or through agents or employees and shall be entitled to request and act in reliance upon the advice of counsel concerning all matters pertaining to its duties hereunder and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance therewith.

(ii) Neither the Collateral Agent nor any of its directors, officers or employees shall be liable or responsible to any Purchaser or to Company for any action taken or omitted to be taken by Collateral Agent or any other such person hereunder or under any related agreement, instrument or document, except in the case of gross negligence or willful misconduct on the part of the Collateral Agent, nor shall the Collateral Agent or any of its directors, officers or employees be liable or responsible for (i) the validity, effectiveness, sufficiency, enforceability or enforcement of the Notes, this Security Agreement or any instrument or document delivered hereunder or relating hereto; (ii) the title of Company to any of the Collateral or the freedom of any of the Collateral from any prior or other liens or security interests; (iii) the determination, verification or enforcement of Company's compliance with any of the terms and conditions of this Security Agreement; (iv) the failure by Company to deliver any instrument or document required to be delivered pursuant to the terms hereof; or (v) the receipt, disbursement, waiver, extension or other handling of payments or proceeds made or received with respect to the collateral, the servicing of the Collateral or the enforcement or the collection of any amounts owing with respect to the Collateral.

(iii) In the case of this Security Agreement and the transactions contemplated hereby and any related document relating to any of the Collateral, each of the Purchasers agrees to pay to the Collateral Agent, on demand, its Pro Rata Share of all fees and all expenses incurred in connection with the operation and enforcement of this Security Agreement, the Notes or any related agreement to the extent that such fees or expenses have not been paid by Company. In the case of this Security Agreement and each instrument and document relating to any of the Collateral, each of the Purchasers hereby agree to hold the Collateral Agent harmless, and to indemnify the Collateral Agent from and against any and all

loss, damage, expense or liability which may be incurred by the Collateral Agent under this Security Agreement and the transactions contemplated hereby and any related agreement or other instrument or document, as the case may be, unless such liability shall be caused by the willful misconduct or gross negligence of the Collateral Agent.

(iv) The Collateral Agent may resign by giving thirty days advance notice to the Purchasers of the Notes, and Purchasers may remove the Collateral Agent by vote of holders of Notes representing at least a majority of the aggregate outstanding balances of the Notes. In the event of a vacancy occurs with respect to the Collateral Agent, Purchasers will use diligent efforts to appoint a replacement Collateral Agent and may do so by vote of holders of Notes representing at least a majority of the aggregate outstanding balances of the Notes. Notwithstanding any other provision of this Security Agreement, the Purchasers shall not individually exercise rights and remedies against the Company under this Security Agreement or the Notes with regard to any Obligation, but all such rights and remedies shall be exercised by and on behalf of the Purchasers only through the Collateral Agent as provided herein.

11. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications to or upon Company or Collateral Agent under this Security Agreement shall be in writing and faxed, mailed or delivered to each party to the facsimile number or its address set forth below (or to such other facsimile number or address as the recipient of any notice shall have notified the other in writing). All such notices and communications shall be effective (a) when sent by Federal Express or other overnight service of recognized standing, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service, upon receipt; (c) when delivered by hand, upon delivery; and (d) when faxed, upon confirmation of receipt.

Collateral Agent:

Thomvest Seed Capital Inc.
65 Queen Street West, Suite 2400
Toronto, Ontario, Canada
M5H 2M8
Attention: William T. Dodds, Vice-President & Secretary
Telephone: 416-364-8700
Facsimile: 416-361-9129
E-mail: bdodds@woodbridge.com

with a copy to:

Perkins Coie, LLP
101 Jefferson Drive
Menlo Park, California 94025
Attention: Stefan V. Clulow, Esq.
Telephone: 650-838-4446
Facsimile: 650-838-4646

(which copy shall be deemed not to constitute notice to the Collateral Agent or any Purchaser)

Company:

Yadav Technology, Inc.
48430 Lakeview Blvd.
Fremont, California 94538
Telephone:
Facsimile: 510-438-0143

with a copy to:

Fenwick & West LLP
801 California Street
Mountain View, California 94041
Attn: Dennis DeBroeck, Esq.
Telephone: 650-988-8500
Facsimile: 650-938-5200

(which copy shall be deemed not to constitute notice to Company)

(b) Termination of Security Interest. Upon the payment in full of all Obligations and the cancellation or termination of any commitment to extend credit or make loans, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Company. Upon such termination Collateral Agent hereby authorizes Company to file in the name and on behalf of the Collateral Agent as secured party of record any UCC termination statements necessary to effect such termination and Collateral Agent will, at Company's expense, execute and deliver to Company any additional documents or instruments as Company shall reasonably request to evidence such termination.

(c) Nonwaiver. No failure or delay on Collateral Agent's part in exercising any right hereunder shall operate as a waiver thereof or of any other right nor shall any single or partial exercise of any such right preclude any other further exercise thereof or of any other right.

(d) Amendments and Waivers. This Security Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by Company and Collateral Agent. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given. Notwithstanding the foregoing, any Purchaser who acquires one or more Notes at an Additional Closing under the Purchase Agreement may become a party to this Security Agreement as a Purchaser as of the Additional Closing without the need for any amendment hereto upon execution and delivery to the Company of a signature page to this Security Agreement.

(e) Assignments. This Security Agreement shall be binding upon and inure to the benefit of Collateral Agent and Company and their respective successors and assigns; provided, however, that Company may not sell, assign (other than by operation of law) or delegate rights and obligations hereunder without the prior written consent of Collateral Agent.

(f) Cumulative Rights, etc. The rights, powers and remedies of Collateral Agent under this Security Agreement shall be in addition to all rights, powers and remedies given to Collateral Agent by virtue of any applicable law, rule or regulation of any governmental authority, any Transaction Document or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Collateral Agent's rights hereunder.

Company waives any right to require Collateral Agent to proceed against any person or entity or to exhaust any Collateral or to pursue any remedy in Collateral Agent's power.

(g) Payments Free of Taxes, Etc.

(i) All payments made by Company under the Transaction Documents shall be made by Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. Notwithstanding the foregoing, Company shall be entitled to deduct and withhold from any payment made under the Notes such amounts as Company may be required to deduct and withhold under the Internal Revenue Code of 1986, as amended, or any provision of state, local or foreign law. To the extent amounts are so deducted and withheld, such amounts shall be treated for all purposes as having been paid to the holder of the Notes. In the event that the holder of any Note converts all or part of their Note into stock of Company, such holder shall pay to Company in lawful tender of the United States prior to the conversion such amounts as may be requested by Company in order to satisfy any applicable withholding obligation as a result of the conversion.

(ii) In addition, Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Security Agreement. Upon request by Collateral Agent, Company shall furnish evidence satisfactory to Collateral Agent that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

(h) Partial Invalidity. If at any time any provision of this Security Agreement is or becomes illegal, invalid or unenforceable in any respect under the law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Security Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

(i) Expenses. Company shall pay on demand all reasonable fees and expenses, including reasonable attorneys' fees and expenses, incurred by Collateral Agent in connection with custody, preservation or sale of, or other realization on, any of the Collateral or the enforcement or attempt to enforce any of the Obligations which is not performed as and when required by this Security Agreement; provided however that Collateral Agent shall provide a itemized request for such fees and expenses within 60 days of the later of (x) the date on which such fees and expenses are incurred and (y) if applicable, the date Collateral Agent receives an invoice from a third party in respect of such fees and expenses.

(j) Construction. Each of this Security Agreement and the other Transaction Documents is the result of negotiations among, and has been reviewed by, Company, Purchasers, Collateral Agent and their respective counsel. Accordingly, this Security Agreement and the other Transaction Documents shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Company, Purchasers or Collateral Agent on the ground that such party was the drafter of this Security Agreement or any provision hereof.

(k) Entire Agreement. This Security Agreement taken together with the other Transaction Documents constitute and contain the entire agreement of Company, Purchasers and Collateral Agent and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

(l) Other Interpretive Provisions. References in this Security Agreement to any document, instrument or agreement (a) includes all exhibits, schedules and other attachments thereto, (b) includes all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Security Agreement refer to this Security Agreement as a whole and not to any particular provision of this Security Agreement. The words "include" and "including" and words of similar import when used in this Security Agreement shall not be construed to be limiting or exclusive.

(m) Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of law rules (except to the extent governed by the UCC).

(n) Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument. This Security Agreement may be executed and delivered by facsimile, or by email in portable document format (.pdf) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, Company has caused this Security Agreement to be executed as of the day and year first above written.

YADAV TECHNOLOGY, INC.
a Delaware corporation

By: 

Name: Petro Estakhri

Title: President and Chief Executive Officer

AGREED:

THOMVEST SEED CAPITAL, INC.

By: _____

ITS: _____

By: _____

Name: _____

Title: _____

Address:

65 Queen Street West, Suite 2400
Toronto, Ontario, Canada
M5H 2M8
Attention: William T. Dodds, Vice-President & Secretary

Tel: 416-364-8700

Fax: 416-361-9129

E-mail: bdodds@woodbridge.com

SIGNATURE PAGE TO SECURITY AGREEMENT

PATENT
REEL: 020792 FRAME: 0873

IN WITNESS WHEREOF, Company has caused this Security Agreement to be executed as of the day and year first above written.

YADAV TECHNOLOGY, INC.
a Delaware corporation

By: _____

Name: Petro Estakhri

Title: President and Chief Executive Officer

AGREED:

THOMVEST SEED CAPITAL INC.

By: _____

ITS: _____

By: _____

Name: _____

Title: _____

Address: _____

65 Queen Street West, Suite 2400

Toronto, Ontario, Canada

M5H 2M8

Attention: William T. Dodds, Vice-President & Secretary

Tel: 416-364-8700

Fax: 416-361-9129

E-mail: bdodds@woodbridge.com

SIGNATURE PAGE TO SECURITY AGREEMENT

PATENT
REEL: 020792 FRAME: 0874

[Additional Signature Pages Redacted]

SIGNATURE PAGE TO SECURITY AGREEMENT

PATENT
REEL: 020792 FRAME: 0875

ATTACHMENT 1
TO SECURITY AGREEMENT

All right, title, interest, claims and demands of Company in and to the following property:

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

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

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

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

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

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

SCHEDULE A
TO SECURITY AGREEMENT

COPYRIGHTS

[Redacted]

PATENTS

Please See Attached Schedule A-1, included herein by reference.

PATENT APPLICATIONS

Please See Attached Schedule A-1, included herein by reference.

TRADEMARKS

[Redacted]

SIGNATURE PAGE TO SECURITY AGREEMENT

PATENT
REEL: 020792 FRAME: 0878

Schedule A-1 to Security Agreement All Cases Summary Report

Date: March 14, 2008

<u>Case Number</u>	<u>Case Type</u>	<u>Country</u>	<u>Priority Case Number</u>	<u>Client Name, Client Case #</u>	<u>Status, Filing Date, App. Serial No.</u>	<u>Pat/Reg No., Issue/Reg Date</u>	<u>Title</u>	<u>Cnt</u>
YADAV-01P	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Converted Filed: 10/20/2006 Serial #: 60/853,115		Title: Non-Uniform Switching Based Non-Volatile Magnetic Base Memory	
YADAV-01PCT	PCT	PCT	YADAV-01US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/11/2008 Serial #: PCT/US08/5361		Title: Non-Uniform Switching Based Non-Volatile Magnetic Base Memory	
YADAV-01US	US Patent	US	YADAV-01P	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/12/2007 Serial #: 11/674,124		Title: Non-Uniform Switching Based Non-Volatile Magnetic Base Memory	
YADAV-02US	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/23/2007 Serial #: 11/678,515		Title: A HIGH CAPACITY LOW COST MULTI-STATE MAGNETIC MEMORY	
YADAV-03PCT	PCT	PCT	YADAV-03US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/11/2008 Serial #: PCT/US08/5362		Title: NON-VOLATILE MAGNETIC MEMORY WITH LOW SWITCHING CURRENT AND HIGH THERMAL STABILITY	
YADAV-03US	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 4/24/2007 Serial #: 11/739,648		Title: NON-VOLATILE MAGNETIC MEMORY WITH LOW SWITCHING CURRENT AND HIGH THERMAL STABILITY	
YADAV-04PCT	PCT	PCT	YADAV-04US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/11/2008 Serial #: PCT/US08/5362		Title: Non-Volatile Magnetic Memory Element with Graded Layer	
YADAV-04US	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 7/12/2007 Serial #: 11/776,692		Title: Non-Volatile Magnetic Memory Element with Graded Layer	
YADAV-05US	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 4/26/2007 Serial #: 11/740,861		Title: HIGH CAPACITY LOW COST MULTI-STACKED CROSS-LINE MAGNETIC MEMORY	

Schedule A-1 to Security Agreement All Cases Summary Report

Date: March 14, 2008

<u>Case Number</u>	<u>Case Type</u>	<u>Country</u>	<u>Priority Case Number</u>	<u>Client Name, Client Case #</u>	<u>Status, Filing Date, App. Serial No.</u>	<u>Pat/Reg No., Issue/Reg Date</u>	<u>Title</u>	<u>Cnt</u>
YADAV-06P	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Converted Filed: 11/1/2006 Serial #: 60/863,812		Title: NOVEL SPINTRONIC DEVICE	
YADAV-06PCT	PCT	PCT	YADAV-06US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/12/2008 Serial #: PCT/US08/5362 4		Title: CURRENT-CONFINED EFFECT OF MAGNETIC NANO-CURRENT-CHANNEL (NCC) FOR MAGNETIC RANDOM ACCESS MEMORY (MRAM)	
YADAV-06US	US Patent	US	YADAV-06P	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 10/31/2007 Serial #: 11/932,940		Title: CURRENT-CONFINED EFFECT OF MAGNETIC NANO-CURRENT-CHANNEL (NCC) FOR MAGNETIC RANDOM ACCESS MEMORY (MRAM)	
YADAV-07PCT	PCT	PCT	YADAV-07US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/11/2008 Serial #: PCT/US08/5362 5		Title: IMPROVED HIGH CAPACITY LOW COST MULTI-STATE MAGNETIC MEMORY	
YADAV-07US	US Patent	US	YADAV-02US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 10/3/2007 Serial #: 11/866,830		Title: IMPROVED HIGH CAPACITY LOW COST MULTI-STATE MAGNETIC MEMORY	
YADAV-08PCT	PCT	PCT	YADAV-08US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/11/2008 Serial #: PCT/US08/5362 6		Title: LOW COST MULTI-STATE MAGNETIC MEMORY	
YADAV-08US	US Patent	US	YADAV-02US	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 9/24/2007 Serial #: 11/860,467		Title: LOW COST MULTI-STATE MAGNETIC MEMORY	
YADAV-09US	US Patent	US	YADAV-01P	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/29/2008 Serial #: 12/040,801		Title: AN IMPROVED LOW RESISTANCE HIGH-TMR MAGNETIC TUNNEL JUNCTION AND PROCESS FOR FABRICATION THEREOF	

Schedule A-1 to Security Agreement All Cases Summary Report

Date: March 14, 2008

<u>Case Number</u>	<u>Case Type</u>	<u>Country</u>	<u>Priority Case Number</u>	<u>Client Name, Client Case #</u>	<u>Status, Filing Date, App. Serial No.</u>	<u>Pat/Reg No., Issue/Reg Date</u>	<u>Title</u>	<u>Cnt</u>
YADAV-10US	US Patent	US	YADAV-01P	Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 2/29/2008 Serial #: 12/040,827		Title: METHOD FOR MANUFACTURING NON-VOLATILE MAGNETIC MEMORY	
YADAV-11P	US Patent	US		Yadav Technology, Inc.(YADAV) No Client Case No.	Pending Filed: 10/31/2007 Serial #: 61/000,000		Title: LOW CURRENT SWITCHING MAGNETIC TUNNEL JUNCTION DESIGN FOR MAGNETIC MEMORY USING DOMAIN WALL MOTION	

SCHEDULE B
TO SECURITY AGREEMENT

COMPANY PROFILE

[Redacted]