

PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
SensorTech Corporation	08/05/2010
RECEIVING PARTY DATA	
Name:	David Myers as Collateral Agent
Street Address:	100 Industrial Drive
City:	Greenville
State/Country:	SOUTH CAROLINA
Postal Code:	29607
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	7849751
Application Number:	12966257
CORRESPONDENCE DATA	
Fax Number:	
Email:	dkim@mcnair.net
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
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Address Line 1:	Post Office Box 447
Address Line 4:	Greenville, SOUTH DAKOTA 29602
ATTORNEY DOCKET NUMBER:	055620.00001
NAME OF SUBMITTER:	Douglas W. Kim
Total Attachments: 8 source=SecurityAgreement#page1.tif source=SecurityAgreement#page2.tif source=SecurityAgreement#page3.tif	

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SECURITY AGREEMENT

This Security Agreement (the "Security Agreement") is made and entered into this 5th day of August, 2010, by and between SensorTech Corporation, a Delaware corporation (the "Company") and David Myers as Collateral Agent (in such capacity, the "Collateral Agent") for the ratable benefit of the holders of the Company's Convertible Notes (the "Convertible Notes") issued by the Company pursuant to the terms of the Convertible Note Purchase Agreement dated of even date herewith (the "Note Purchase Agreement") (such holders being collectively referred to in this Security Agreement as the "Secured Noteholders").

1. Security Interests.

(a) To secure the payment and performance of all obligations of the Company under the Convertible Notes and the Note Purchase Agreement (the "Obligations"), the Company hereby grants to the Collateral Agent, for the benefit of the Secured Noteholders, a security interest in all of the Company's right, title, and interest in, to, and under the following property, in each case whether tangible or intangible, wherever located, whether now owned by the Company or hereafter acquired, and whether now existing or hereafter coming into existence (all of the property described in this Section 1(a) is collectively referred to as the "Collateral") (capitalized terms used below but not otherwise defined in this Agreement have the meanings set forth in the South Carolina Uniform Commercial Code (the "UCC")):

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Deposit Accounts;
- (iv) all Documents;
- (v) all Equipment;
- (vi) all Fixtures;
- (vii) all General Intangibles not described in Section 1(b);
- (viii) all Goods not covered by the other clauses of this Section 1(a);
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property;
- (xii) all Letter-of-Credit Rights;
- (xiii) all Commercial Tort Claims;

(xiv) all other tangible and intangible personal property whatsoever of the Company; and

(xv) all Proceeds and Accessions of any of the Collateral.

(b) Effective upon the issuance by the Company of at least \$300,000 in Convertible Notes, automatically and without the requirement of further action by the Company, to secure the payment and performance of all Obligations, the Company hereby grants to the Collateral Agent, for the benefit of the Secured Noteholders, a security interest in all of the Company's right, title, and interest in, to, and under the following property, in each case whether tangible or intangible, wherever located, whether now owned by the Company or hereafter acquired, and whether now existing or hereafter coming into existence (and upon the effectiveness of the grant of the security interest all of the property described in this Section 1(b) shall become part of the Collateral):

(i) all registered U.S. copyrights, whether now existing or hereafter created or acquired, all registrations and recordings thereof, all applications in connection therewith, and all renewals thereof ("Copyrights");

(ii) all letters patent of the U.S. or any other country, and all reissues and extensions thereof, and all applications for letters patent of the U.S. or any other country (including, without limitation, any provisional patent applications) and all divisions, continuations and continuations-in-part thereof ("Patents");

(iii) all trademarks, trade names, company names, trade dress and service marks, logos and other source or business identifiers, and the goodwill associated therewith, whether now existing or hereafter adopted or acquired, all registrations and recordings thereof, all applications in connection therewith, and all renewals thereof ("Trademarks"); and

(iv) all agreements providing for the grant by or to the Company of any rights under any Copyright or Trademark, or any rights (including the right to manufacture, use or sell) under any Patent, including (without limitation), that certain License Agreement between the Company and the Clemson University Research Foundation dated June 6, 2008 (the "CURF License"), provided that the grant of a security interest with respect to the CURF License shall be contingent upon receipt of written consent to such grant from the licensor under the CURF License. Upon issuance of at least \$300,000 in Convertible Notes, the Company shall immediately use its reasonable best efforts to obtain such consent.

Upon the effectiveness of the security interest in the Collateral described in this Section 1(b), the Company promptly (i) shall execute all documents reasonably requested by the Secured Noteholders to obtain the full benefit of the security interest, including (without limitation) a

collateral assignment of the CURF License and a notice of assignment to be filed with the United States Patent and Trademark Office, and (ii) shall use its reasonable best efforts to obtain the consent of any third parties reasonably requested by the Secured Noteholders.

(c) The Company and the Collateral Agent, on behalf of the Secured Noteholders, acknowledge and agree that (i) the security interest created hereby in the Collateral (A) constitutes continuing collateral security for all of the Obligations, whether now existing or hereafter arising, and (B) is not to be construed as a present assignment of any of the intellectual property rights described in Section 1(b), and (ii) the Company shall remain liable under each of its accounts, contracts and agreements to observe and perform all the conditions and obligations thereunder, and neither the Collateral Agent nor any Secured Noteholder shall have any obligation or liability with respect thereto.

(d) The Company authorizes the Collateral Agent to file financing statements or amendments thereto with respect to any of the Collateral in any location deemed necessary and appropriate by the Collateral Agent.

(e) The Company will, upon request of the Collateral Agent, (a) authorize, deliver, and execute or cause to be authorized, delivered, and executed, in form and content satisfactory to the Collateral Agent, any financing, continuation, termination, or security interest filing statement, security agreement, or other document as the Collateral Agent may request in order to perfect, preserve, maintain, or continue the perfection of the Collateral Agent's security interest in the Collateral or its priority, and (b) take such further actions as the Collateral Agent may request to perfect and continue its security interest in the Collateral. The Company hereby makes, constitutes and appoints the Collateral Agent, its nominee or any other person whom the Collateral Agent may designate, as the Company's attorney-in-fact with full power of substitution for the limited purpose to sign in the name of the Company any statements, notices, instruments or other documents (and any amendments, renewals or continuations thereof) which are reasonably necessary or appropriate to perfect and maintain perfection of the security interests granted herein, such power, being coupled with an interest, being and remaining irrevocable so long as any Obligations remain outstanding.

2. Representations and Warranties of the Company.

(a) The Company represents and warrants that its correct legal name is as specified on the signature line of this Security Agreement and that the Company has never used any other legal or trade name, except that the predecessor to the Company was SensorTech, LLC. Without the prior written consent of the Collateral Agent, the Company will not change its name or dissolve, merge, convert to, or consolidate with any other person or entity.

(b) The Company represents and warrants that it is incorporated in the State of Delaware. Without the prior written consent of the Collateral Agent, the Company will not change its jurisdiction of incorporation.

(c) The Company represents and warrants that the security interests granted to the Collateral Agent, for the benefit of the Secured Noteholders, under this Convertible Note,

when properly perfected by filing or other means of perfection required or permitted by the UCC, shall at all times constitute valid and perfected first priority security interests vested in the Collateral Agent in and upon all of the Collateral.

3. Events of Default.

An event of default shall exist upon the occurrence of any of the following specified events (each, an "Event of Default"):

(a) the Company fails to pay in full when due or perform when due any Obligations and, in the case of a default other than a failure to pay, does not cure such default within thirty (30) days after the earlier of the date on which the Company becomes aware of such default or receives notice of such default;

(b) any representation or warranty made by the Company in this Agreement, the Convertible Notes or the Note Purchase Agreement is determined to be incorrect or false in any material respect on or as of the date made;

(c) the Company defaults (beyond any permitted grace period) in the payment or performance of any obligation under (i) any instrument or agreement for borrowed money in excess of \$50,000 or (ii) any other agreement, the termination of which would have a Material Adverse Effect (as defined in the Note Purchase Agreement), and the lender or other party thereto shall have accelerated the maturity of any obligation or taken affirmative steps to terminate the agreement;

(d) a judgment is entered against the Company involving an aggregate liability of more than \$50,000, and such judgment is not paid, vacated or stayed within 60 days after the entry thereof, or any injunction or similar decree is entered against the Company that would result in a Material Adverse Effect; or

(e) (i) the Company commences any case, proceeding or other action under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or seeking appointment of a receiver, trustee, custodian or similar official, (ii) there shall be commenced against the Company any case, proceeding or other action of a nature referred to in clause (i) that results in an entry of an order for relief, appointment or other adjudication or remains undismissed for a period of 60 days, (iii) there shall be commenced against the Company any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of the Company's assets.

4. Rights and Remedies Upon Default.

(a) Upon the occurrence and during the continuance of an Event of Default under this Security Agreement, the Collateral Agent shall have the right to exercise, on behalf of

the Secured Noteholders, all of the rights and remedies of a secured party under the UCC and other applicable laws.

(b) Upon the occurrence and during the continuance of an Event of Default under this Security Agreement, the Collateral Agent or its agents may enter upon the Company's premises to take possession of the Collateral, to remove it, to render it unusable, or to sell or otherwise dispose of it, all without judicial process or proceedings. In furtherance of the foregoing, the Collateral Agent may, upon 10 days' prior notice to the Company but otherwise without demand and without advertisement, notice, hearing or process of law, at any place and time or times, sell and deliver any or all Collateral at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as the Collateral Agent deems advisable in its sole discretion (subject to any mandatory legal requirements). The Collateral Agent may postpone the sale of all or any portion of the Collateral by announcement at the time and place of such sale. To the extent permitted by law, any Secured Noteholder may be a purchaser at any such sale. To the extent permitted by law, the Company hereby waives all of its rights of redemption with respect to any such sale.

(c) Upon the occurrence and during the continuance of an Event of Default under this Security Agreement, the Collateral Agent shall have the right (but not the obligation) to enforce the Company's rights against any account debtors.

(d) To the extent any rights of notice cannot be legally waived, the Company agrees that any written notice of the sale, disposition, or other intended action by the Collateral Agent with respect to the Collateral that is required by applicable law and is sent by certified mail, postage prepaid, to the Company at the address specified below, or such other address of the Company that may from time to time be shown on the Collateral Agent's records, at least ten days prior to such sale, disposition, or other action, shall constitute reasonable notice to the Company.

(e) Upon the occurrence and during the continuance of an Event of Default under this Security Agreement, the Collateral Agent may, subject to providing any required notices, accept or retain all or any portion of the Collateral in satisfaction of the Obligations. Unless and until the Collateral Agent shall have provided such notices, however, the Collateral Agent shall not be deemed to have retained any Collateral in satisfaction of any Obligations for any reason.

(f) The Company shall pay on demand all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by or on behalf of the Collateral Agent (i) in enforcing the Obligations, and (ii) in connection with taking, holding, preparing for sale, selling, managing, collecting, or otherwise disposing of the Collateral. All of such costs and expenses (collectively, the "Liquidation Costs"), shall be paid by the Company to the Collateral Agent on demand and shall be considered Obligations secured by the Collateral.

(g) Any proceeds of sale or other disposition of the Collateral will be applied by the Collateral Agent to the payment of Liquidation Costs, and any balance of such proceeds will be applied by the Collateral Agent to the payment of the remaining the Company's

Obligations to the holders of the Convertible Notes in proportion to the amounts then outstanding under the Convertible Notes.

(h) If the sale or other disposition of the Collateral fails to satisfy in full the Obligations, the Company shall remain liable to the Collateral Agent for any deficiency.

5. Remedies Cumulative.

Each right, power, and remedy granted to the Collateral Agent, for the benefit of the Secured Noteholders, as provided for in this Security Agreement, the Convertible Notes or the Note Purchase Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Security Agreement, the Convertible Notes or the Note Purchase Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Collateral Agent of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Collateral Agent of any or all such other rights, powers, or remedies.

6. Waiver.

No failure or delay by the Collateral Agent to insist upon the strict performance of any term, condition, covenant, or agreement of this Security Agreement, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Collateral Agent from exercising any such right, power, or remedy at any later time or times.

7. Miscellaneous.

The paragraph headings of this Security Agreement are for convenience only and shall not limit or otherwise affect any of the terms of this Security Agreement. Neither this Security Agreement nor any term, condition, covenant, or agreement of this Security Agreement may be changed, waived, discharged, or terminated orally but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought; provided, further, that any amendment to this Security Agreement shall require the consent of holders of a majority in interest of the principal amount of all Convertible Notes then outstanding (the "Required Lenders"). This Security Agreement and any and all disputes between the parties in any way related to this Security Agreement, including all matters of construction, validity, and performance, will be governed by and construed in accordance with the laws of the State of South Carolina, without giving effect to any conflict of laws rules. This Security Agreement shall be binding upon the successors and assigns of the Company and shall inure to the benefit of the successors and assigns of the Collateral Agent and the Secured Noteholders; provided, however, that the Company may not assign its rights or delegate its obligations hereunder without the prior written consent of the Required Lenders. As used in this Security Agreement, the singular number shall include the plural, the plural the singular, and the use of the masculine, feminine, or neuter gender shall include all genders, as the context may require. Unless varied by this Security Agreement, all terms used in this Security Agreement that are defined in the

UCC shall have the same meanings under this Security Agreement as assigned to them in the UCC.

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the day and year first written above.

COMPANY:

SENSORTECH CORPORATION

By: David Myers
Name: David Myers
Title: CEO

COLLATERAL AGENT:

David Myers
David Myers