

PATENT ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
GRT, Inc.	07/03/2012

RECEIVING PARTY DATA

Name:	Thomas W. Hook
Street Address:	2502 Westgate
City:	Houston
State/Country:	TEXAS
Postal Code:	77019

PROPERTY NUMBERS Total: 44

Property Type	Number
Application Number:	12215326
Patent Number:	8053616
Patent Number:	7998438
Patent Number:	7964764
Patent Number:	7883568
Patent Number:	7847139
Patent Number:	7579510
Patent Number:	7838708
Patent Number:	7498008
Patent Number:	7230150
Patent Number:	7148390
Patent Number:	7019182
Patent Number:	7161050
Patent Number:	6713655
Patent Number:	6596177

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Patent Number:	6525230
Patent Number:	6486368
Patent Number:	6472572
Patent Number:	6465696
Patent Number:	6462243
Patent Number:	6444131
Patent Number:	6403840
Patent Number:	6398195
Application Number:	13479085
Application Number:	12152515
Application Number:	12504865
Application Number:	61082143
Application Number:	61081976
Application Number:	61082000
Application Number:	61082115
PCT Number:	US0703091
PCT Number:	US0806244
PCT Number:	US1031971
PCT Number:	US0220981
PCT Number:	US0218775
PCT Number:	US0222817
PCT Number:	US0864922
PCT Number:	US0423036
PCT Number:	US0610854
PCT Number:	US0703090
PCT Number:	US0950955
PCT Number:	US0336933
Application Number:	12504880
Application Number:	12504894

**CORRESPONDENCE DATA**

Fax Number: (805)966-3320  
Phone: 805-966-2440  
Email: smartin@rppmh.com

*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*

Correspondent Name: Michael E. Pfau  
Address Line 1: 1421 State St., Ste. B  
Address Line 4: Santa Barbara, CALIFORNIA 93101

NAME OF SUBMITTER:

Sherrie Martin

**Total Attachments: 16**

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## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** (the "Security Agreement") is made and entered, effective as of July 3, 2012, by and among **GRT, INC.**, a Delaware corporation ("Debtor"); and **THOMAS W. HOOK**, as Collateral Agent for the "Secured Parties" identified below (the "Collateral Agent"), with reference to the following facts:

### RECITALS:

A. Pursuant to that certain Loan Agreement dated concurrently herewith (the "Loan Agreement"), Debtor has issued to the Collateral Agent a Senior Secured Promissory Note in the maximum principal amount of One Million Dollars (\$1,000,000) (the "Note").

B. Collateral Agent has been appointed as the agent for the "Creditors" (the "Secured Parties") named from time to time in that certain Intercreditor Agreement dated concurrently herewith, as amended from time to time (the "Intercreditor Agreement").

C. As an inducement to the Secured Parties to accept the Note, Debtor has agreed to grant to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest as set forth herein.

### AGREEMENTS:

**NOW, THEREFORE**, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. **SECURITY INTEREST.** Pursuant to the Uniform Commercial Code, Debtor hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in the Collateral of Debtor, as defined and described in Section 2 below (the "Collateral"), to secure payment and performance of the Obligations of Debtor, as defined and described in Section 3 below.

### 2. COLLATERAL

2.1 The Collateral of Debtor is all property, assets and rights of Debtor, wherever located, and whether now owned or hereafter acquired or created, including, without limitation, all of the following:

(a) All accounts now owned or existing, as well as any and all that may hereafter arise or be acquired by Debtor, and all the proceeds and products thereof, including without limitation, all note, drafts, acceptances, instruments and chattel paper arising therefrom, and all returned or repossessed goods arising from or relating to any such accounts, or other proceeds of any sale or other disposition of inventory.

(b) All of Debtor's inventory, including all goods, merchandise, raw materials, goods in process, finished goods and other tangible personal property, wheresoever located, now owned or hereafter acquired and held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's business and all additions and accessions thereto and contracts with respect thereto and all documents of title evidencing or representing any part thereof, and all products and proceeds thereof, including, without limitation, all of such which is now or hereafter located at located at 861 Ward Drive, Santa Barbara, California 93111.

(c) All of Debtor's fixtures and appurtenances thereto, and such other goods, chattels, fixtures, equipment and personal property affixed or in any manner attached to the real estate and/or building(s) or structure(s), including all additions and accessions thereto and replacements thereof and articles

in substitution therefor, howsoever attached or affixed, located at 861 Ward Drive, Santa Barbara, California 93111.

(d) All equipment of every nature and description whatsoever now owned or hereafter acquired by Debtor including all appurtenances and additions thereto and substitutions therefor, wheresoever located, including all tools, parts and accessories used in connection therewith.

(e) All general intangibles and other personal property now owned or hereafter acquired by Debtor other than goods, accounts, chattel paper, documents and instruments, including but not limited to the rights of Debtor under those certain agreements listed on **EXHIBIT A** hereto.

(f) All of Debtor's interest under chattel paper, lease agreements and other instruments or documents, whether now existing or owned by Debtor or hereafter arising or acquired by Debtor, evidencing both a debt and security interest in or lease of specific goods.

(g) All securities now or hereafter owned by the Debtor, together with all instruments and general intangibles related thereto and all monies, income, proceeds and benefits attributable or accruing to said property, including, but not limited to, all stock rights, options, rights to subscribe, dividends, liquidating dividends, stock dividends, dividends paid in stock, new security or other properties or benefits to which the Debtor is or may hereafter become entitled to receive on account of said property.

(h) All Debtor's interest in and to any certificates of deposit described below and instruments related thereto, and all renewals or substitutions therefor, together with all monies, income, interest, proceeds and benefits attributable or accruing to said property or to which Debtor is or may hereafter be entitled to receive on account of said property.

(i) All of Debtor's now owned or existing as well as hereafter acquired or arising instruments and documents.

(j) All patents, patent rights, inventions, processes, formulae, licenses, trade secrets, know-how and other proprietary rights and data, engineering calculations, technical plans, drawings and data, software, trademarks, trademark rights, service marks, service mark rights, trade names, trade name rights, copyrights, technical information (including information regarding other persons' products and technology), and all other intellectual property rights of Debtor and all applications to acquire any such rights, in each case, whether now owned or hereafter created, acquired or issued (collectively, the "Technology"), including without limitation those items set forth on **EXHIBIT B** hereto.

(k) All licenses, sublicenses, franchises, and other contract rights and all governmental and regulatory permits and approvals, whether now owned or hereafter acquired, granted in any of the Technology, including, without limitation, any present or future right of Debtor to receive royalties or other payments from those to whom licenses, sublicenses or franchises have been or will be granted; and

(l) All Proceeds of the foregoing Collateral. For purposes of this Agreement, the term "Proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected, exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto.

2.2 Each Secured Party's interest in the Collateral shall be on a parity with the interests of all other Secured Parties, and the interest of each Secured Party in the Collateral shall be ratable in the proportion that the aggregate indebtedness then outstanding and unpaid under the Note held by the Collateral Agent for

the benefit of such Secured Party bears to the aggregate indebtedness then outstanding and unpaid under the Note held by all Secured Parties, regardless of when such Note was issued.

**3. OBLIGATIONS SECURED.** The obligations ("Obligations") secured by this Security Agreement shall include (i) the payment of all principal and interest on the Note, and the performance by Debtor of the additional obligations set forth in the Note and this Security Agreement; (ii) all payments made or expenses incurred by Secured Parties, including, but not limited to, reasonable attorneys' fees and legal expenses in the exercise, preservation or enforcement of any of the rights, powers or remedies of Secured Parties or in the enforcement of the obligations of Debtor under this Agreement or the Note and including any such payments or expenses of the Collateral Agent; and (iii) any obligations of Debtor to Secured Parties arising from amendments, modifications, renewals or extensions of any of the foregoing obligations.

**4. COLLATERAL ENCUMBRANCES: COVENANTS OF DEBTOR**

**4.1** Debtor owns the Collateral free and clear of any licenses, sublicenses, franchises, contract rights, claims, interests, or liens except for the lien created by this Security Agreement, and the rights created by that certain Collateral Assignment of Patents (the "Collateral Assignment"), of even date herewith, between Debtor and Collateral Agent (acting on behalf of and for the benefit of the Secured Parties), and no effective financing statement or other instrument similar in effect, which covers all or any part of the Collateral, is on file in any recording office.

**4.2** As to the Collateral, Debtor covenants with the Collateral Agent (for the benefit of the Secured Parties) as follows:

(a) Debtor will not grant to any person other than the Secured Parties and the Collateral Agent any right, title, interest, claim, or lien in the Collateral, and will keep the Collateral free of all liens, encumbrances and other security interests.

(b) Debtor will comply with all laws, statutes, and regulations pertaining to the Collateral.

(c) Debtor will pay when due all taxes, licenses, charges, and other impositions on or for the Collateral.

(d) Debtor, at its own expense, will execute, file, and record such assignments, statements, notices, and agreements, take such action and obtain such certificates and documents, in accordance with all applicable laws, statutes, and regulations (whether state, federal or local), as necessary to perfect, evidence and continue Secured Parties' security interest in the Collateral, including, without limitation, assignments for security (i) in respect of patents and trademarks, in the U.S. Patent and Trademark Office and corresponding foreign patent offices with respect to all registrations and applications therefor filed with any such office, and (ii) in respect of copyrights, in the Library of Congress or corresponding foreign offices with respect to all registrations and applications therefor filed with any such office. All such assignments for security shall be filed as promptly as practicable following the effective date of this Agreement.

(e) Debtor will deliver to Collateral Agent all instruments and other items of Collateral for which possession is required for perfection.

(f) Debtor will, upon demand, give Secured Parties and Collateral Agent (for the benefit of the Secured Parties) such information as reasonably requested concerning the Collateral and Debtor's

business, and permit Secured Parties (and Collateral Agent (for the benefit of the Secured Parties)) to inspect and copy the records thereof.

(g) Debtor will keep or require any goods which are security for or represented by the Collateral to be insured in amounts, on terms and with carriers as is customary and appropriate for the business in which Debtor is engaged.

(h) Debtor will, as appropriate, properly care for, house, store, and maintain the Collateral and any goods represented by the Collateral in good condition, free of misuse, abuse, waste, and deterioration, and prepare the Collateral for sale or market according to approved methods, and promptly and duly observe and perform any contract or agreement pertaining to or part of the Collateral.

(i) Debtor will not, without the written consent of the Majority Holders (as defined in the Note), exchange, lease, license, sublicense, lend, use, operate, demonstrate, sell or dispose of the Collateral or Debtor's rights therein.

(j) Debtor will not, without the written consent of the Majority Holders, remove the Collateral from or outside of Debtor's chief place of business, except as may be required in the regular course of Debtor's business.

(k) Debtor will not, without the written consent of the Majority Holders, permit anything to be done that may impair, or fail to do anything necessary or advisable to preserve, the Collateral's value and the security and insurance coverage.

(l) Debtor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any lien or encumbrance on the Collateral except the Permitted Encumbrances, and will defend the right, title and interest of Secured Parties in and to the Collateral and in and to the proceeds thereof against the claims and demands of all persons whomsoever.

(m) Upon the occurrence and during the continuation of any "Event of Default" (defined below), Debtor will not, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any of the accounts, chattel paper, instruments or securities included in the Collateral, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof, or allow any credit or discount whatsoever thereon other than trade discounts granted in the ordinary course of business of Debtor.

(n) Debtor will advise Secured Parties (and Collateral Agent (for the benefit of the Secured Parties)) promptly, in reasonable detail, (i) of any material lien, security interest, encumbrance or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event that would have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereunder.

(o) Upon reasonable notice to Debtor (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Parties (Collateral Agent (for the benefit of the Secured Parties)) and their representatives shall also have the right to enter into and upon any premises where any of the Collateral is located for the purpose of inspecting the same, observing its use or otherwise protecting their interests therein.

(p) In the event that any of the Technology Collateral is infringed, misappropriated or diluted by a third party, Debtor shall notify Secured Parties promptly after it learns thereof and shall, unless the Secured Parties shall determine that such Technology Collateral is not material to the conduct of Debtor's

business, promptly sue, at its own expense, for infringement, misappropriation, or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as the Secured Parties shall reasonably deem appropriate under the circumstances to protect such Technology Collateral.

**5. DEFAULT.** The term "Event of Default" shall have the meaning given to it in the Note. Upon the occurrence of an Event of Default, the Collateral Agent and each Secured Party shall have the rights and remedies provided in the Note and herein.

**6. REMEDIES**

**6.1** Upon the occurrence of an Event of Default, the Collateral Agent on behalf of Secured Parties, in its own or Debtor's name, without notice and at Debtor's expense, may, but is not obligated to:

(a) as appropriate take possession of the Collateral with or without legal process, require Debtor to assemble the Collateral and make it available to the Secured Parties at a reasonably convenient place, which shall be designated by the Collateral Agent, or, whether or not the Collateral is present at the place of sale, sell the Collateral at a public sale in the county where such Collateral is located or where this Agreement was made, or sell the Collateral at a private sale and bid at such private sale;

(b) notify any obligor or account debtor on Collateral to make payment to the Collateral Agent on behalf of the Secured Parties;

(c) 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 Collateral;

(d) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold, or apply other property in exchange for, the Collateral;

(e) insure, process, and preserve the Collateral;

(f) transfer the Collateral to its own or its nominee's name; and

(g) make any compromise or settlement, and take any action it deems advisable, and upon demand Debtor will pay the same to Secured Parties together with any deficiency or balance on Debtor's Obligations remaining after any sale or other disposition of the Collateral by Secured Parties, with interest at ten percent (10%) per annum or as agreed.

**6.2** Notwithstanding Section 6.1, above, and upon the occurrence of any Event of Default, the Collateral Agent on behalf of the Secured Parties may exercise any other rights or remedies that it may have as a secured party under applicable law.

**6.3** Debtor also agrees to pay all costs of Secured Parties and the Collateral Agent, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of their rights and remedies hereunder.

**7. GRANT OF LICENSE TO USE TECHNOLOGY COLLATERAL.** For the purpose of enabling Secured Parties to exercise rights and remedies under Section 6 hereof at such time as Secured Parties, without regard to this Section 7, shall be lawfully entitled to exercise such rights and remedies, Debtor hereby grants to



Secured Parties an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Debtor) to use, license or sublicense any Technology now owned or hereafter acquired by Debtor, and wherever the same may be located, and including, without limitation, in such license reasonable access to all media in which any of the license items may be recorded or stored and to a computer and automatic machinery software and programs used for the compilation or printout thereof.

## **8. COLLATERAL AGENT'S APPOINTMENT AS ATTORNEY-IN-FACT**

**8.1** Debtor hereby irrevocably constitutes and appoints Collateral Agent and any officer or agent thereof (and any persons designated by Collateral Agent), with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Collateral Agent's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Collateral Agent the power and right, on behalf of Debtor, without notice to or assent by Debtor to do the following:

(a) to ask, demand, collect, receive, and give acquaintances and receipts for any and all moneys due and to become due under any Collateral and, in the name of Debtor to its own name or otherwise, to take possession of and endorse and collect any checks, drafts, note, acceptances, or other instruments for the payment of moneys due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Collateral Agent for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Collateral Agent for the purpose of collecting any and all such moneys due under any Collateral whenever payable;

(b) to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance caned for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(c) (i) to direct any party liable for any payment under the Collateral to make payment of any and all moneys due, and to become due thereunder, directly to Collateral Agent or as Collateral Agent shall direct; (ii) to receive payment of and receipt for any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral, (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents constituting or relating to the Collateral; (iv) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (vi) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Collateral Agent may deem appropriate; (vii) to license or, to the extent permitted by an applicable license, sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any Technology, throughout the world for such term or terms, on such conditions, and in such manner, as Collateral Agent shall in its sole discretion determine; and (viii) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Collateral Agent were the absolute owner thereof for all purposes, and to do, at Collateral Agent's option and Debtor's expenses, at any time, or from time to time, all acts and things that Collateral Agent reasonably deems necessary to protect, preserve or realize upon the Collateral and Collateral Agent's lien therein, in order to effect the intent of this Agreement, an as fully and effectively as Debtor might do.

**8.2** Collateral Agent agrees that, except upon the occurrence and during the continuation of an Event of Default, it will forebear from exercising the power of attorney or any rights granted to Collateral Agent pursuant to this Section 8. Debtor hereby ratifies, to the extent permitted by law, all that said attorneys shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 8 is a power coupled with any interest and shall be irrevocable until the Obligations are indefeasibly paid in full.

**8.3** The powers conferred on Collateral Agent hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon them or the Collateral Agent to exercise any such powers. Debtor hereby agrees to indemnify, defend and hold harmless Collateral Agent and each Secured Party from and against any claim, liability, loss, damage, suit, action or proceeding ever suffered or incurred by Collateral Agent or the Secured Parties as a result of (i) Debtor's failure to perform, discharge or observe any of Debtors duties hereunder, or (ii) Collateral Agent's holding or administering this Security Agreement, the Collateral Assignment or the Secured Parties' Lien in the Collateral, unless with respect to the foregoing, Collateral Agent or the Secured Party has been judicially determined to have acted with gross negligence or engaged in willful misconduct. The obligations of Debtor under this Section 8.3, shall survive the termination of this Agreement.

**8.4** Debtor also authorizes Collateral Agent, at any time and from time to time upon the occurrence and during the continuation of any Event of Default, (i) to communicate in its own name with any party to any contract or agreement which is part of the collateral hereunder with regard to the assignment of the right, title and interest of Debtor in and under such contracts and agreements and other matters relating thereto, and (ii) to execute, in connection with the sale provided for in Section 6 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

**8.5** If, at any time, the Collateral Agent resigns (or is removed by the Secured Parties pursuant to the terms and conditions of the Intercreditor Agreement, the Secured Parties, in the manner set forth in the Intercreditor Agreement shall appoint a successor Collateral Agent. The Secured Parties shall promptly notify the Debtor of the appointment of a successor Collateral Agent. Upon the acceptance of any appointment as Collateral Agent by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the predecessor Collateral Agent, and such successor Collateral Agent shall be bound by the terms and conditions of this Agreement to the same extent as would have been the case if such successor Collateral Agent had been an original signatory hereto, and the retiring or discharged Collateral Agent shall be discharged from its duties and obligations under this Security Agreement.

## **9. TERMINATION**

**9.1** Except as otherwise expressly provided herein, this Security Agreement and the security interest granted to Secured Parties by Debtor hereunder shall terminate upon satisfaction in full of all of the Obligations by payment or otherwise.

**9.2** If applicable, and promptly upon termination of this Security Agreement, the Collateral Agent on behalf of Secured Parties agrees to execute and file with the California Secretary of State a termination statement on Form UCC-2 and a collateral assignment for filing in the Patent and Trademark Office terminating Secured Parties' security interest in the Collateral at the expense of the Debtor. This Section 9.2 is subject to specific performance and injunctive relief for the benefit of Debtor in the event of a failure by the Collateral Agent or Secured Parties to duly comply with a reasonable request for such compliance.

## 10. OTHER AGREEMENTS

10.1 Such care as Secured Parties give to the safekeeping of their own property of like kind shall constitute reasonable care of the Collateral when in Secured Parties' possession, but Secured Parties are not required to make presentment, demand, or protest, or give notice and need not take action to preserve any rights against prior parties in connection with any obligation or evidence of indebtedness held as Collateral.

10.2 Debtor shall give the Collateral Agent and each of the Secured Parties prior written notice of (i) any change of place of business and address thereof, and (ii) any change in policies or certificates of insurance required for the Collateral. Debtor hereby assigns to Secured Parties any return or unearned premium that becomes due on any insurance which covers the Collateral.

10.3 This Security Agreement is a continuing Agreement and shall apply to all past, present, and future Obligations of Debtor to Secured Parties, whether or not such Obligations continue, increase, decrease, or create new indebtedness after or before payment of any prior indebtedness, notwithstanding the bankruptcy of, or other event or proceedings affecting the Debtor.

10.4 Acceptance of partial or delinquent payments or failure to exercise any right, power, or remedy shall not waive any Obligation of Debtor or modify this Security Agreement. Secured Parties, and their successors and assigns, have all rights, powers, and remedies herein and as provided by law, including the rights, powers and remedies of a secured party under the Uniform Commercial Code, and may exercise the same and effect any set-off and proceed against the Collateral or other security for Debtor's Obligations at any time.

10.5 If, at any time or times prior or subsequent to the date hereof, regardless of whether or not an Event of Default then exists or any of the transactions contemplated hereunder are concluded, the Collateral Agent employs counsel, accountants or other experts for advice or other representation, or incurs legal expenses or other costs or out-of-pocket expenses in connection with (i) the administration of this Security Agreement and the transactions contemplated hereby; (ii) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Collateral Agent, Debtor, or any other person) in any way relating to the Collateral or this Security Agreement; (iii) any attempt to enforce any rights of Collateral Agent against Debtor or any other person which may be obligated to Collateral Agent by virtue of this Agreement, including, without limitation, account debtors; or (iv) any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate, or otherwise dispose of or realize upon the Collateral; then, in any such event, the reasonable attorneys' fees arising from such services and all reasonable expenses, costs, charges, and other fees of such counsel, accountants, or other experts or of Collateral Agent or relating to any of the events or actions described in this Section 10.5 which are actually incurred shall be payable, upon demand, by Debtor to Collateral Agent and shall be additional Debtor's Obligations hereunder secured by the Collateral.

11. **ADDITIONAL ADVANCES.** If additional advances of the principal of the maximum principal of the Note are hereafter made to Debtor, then (a) the obligations of the Company thereunder automatically shall be "Obligations" that are secured hereunder, and (b) the Creditors making such additional advances automatically shall be "Secured Parties" hereunder.

## 12. MISCELLANEOUS

12.1 **NOTICES.** All notices, elections, requests, demands, and other communications required or permitted under this Agreement shall be in writing, and shall be deemed to have been delivered and received (i) when personally delivered, or (ii) on the third (3<sup>rd</sup>) business day after which sent by registered or certified mail, postage prepaid, return receipt requested, (iii) on the date on which transmitted by facsimile or other electronic means generating a receipt evidencing a successful transmission (*provided that*, on that same date,

a copy of such notice is sent by registered or certified mail, postage prepaid, return receipt requested), or (iv) on the next business day after the business day on which deposited with a regulated public carrier (*e.g.*, Federal Express) for overnight delivery, freight prepaid, addressed to the party for whom intended at the address set forth on the signature page hereof, or such other address or facsimile number, notice of which is given in a manner permitted by this Section 12.1.

**12.2 CUMULATIVE RIGHTS.** The rights, powers and remedies of Secured Parties under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Parties by virtue of any statute or rule of law, or any other agreement between Debtor and Secured Parties or otherwise, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Parties' security interest in the Collateral.

**12.3 WAIVER.** Any forbearance or failure or delay by Secured Parties or the Collateral Agent in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of Secured Parties or the Collateral Agent shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Parties or the Collateral Agent. Debtor waives any right to require Secured Parties to proceed against any person or to exhaust any of the Collateral or to pursue any remedy in Secured Parties' power.

**12.4 BINDING UPON SUCCESSORS.** Except as otherwise provided herein, the terms and conditions of this Security Agreement shall be binding upon, and inure to the benefit of, each of the parties hereto and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

**12.5 FURTHER ASSURANCES.** From and after the date of this Security Agreement, upon the request of any party hereto, each party shall execute and deliver such instruments, documents or other writings, and take such other actions, as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Security Agreement.

**12.6 AMENDMENTS.** This Agreement may be modified or amended only by a written instrument executed by the Company and the Collateral Agent and approved in writing by the holders of Note representing a majority of the outstanding principal balance of such Note.

**12.7 ENTIRE AGREEMENT; SEVERABILITY.** This Security Agreement, the Collateral Assignment, the Loan Agreement and the Intercreditor Agreement contain the entire Agreement between Secured Parties, the Collateral Agent, and Debtor with respect to the subject matter hereof and thereof. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

**12.8 CHOICE OF LAW.** This Security Agreement shall be construed in accordance with and governed by the laws of the State of California.

**12.9 ATTORNEYS' FEES.** In the event of any controversy, claim or dispute between or among the Debtor, the Collateral Agent and the Secured Parties arising out of or relating to this Security Agreement, or the breach hereof, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees, expenses and costs.

**12.10 COUNTERPARTS; ELECTRONIC SIGNATURES.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument, binding on each signatory thereto. A copy of this Agreement that is executed by a party and transmitted by that party to the other party by facsimile or as an attachment (*e.g.*, in ".tif" or ".pdf" format) to an email shall be binding upon the signatory to the same extent as a copy hereof containing that party's original signature.


*[Signatures appear on the following page.]*

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

"DEBTOR:"

"COLLATERAL AGENT:"

GRT, INC., a Delaware corporation

By   
Eric McFarland, Chief Executive Officer

\_\_\_\_\_  
Thomas W. Hook

Address and Facsimile No. for Notices:

Address and Facsimile No. for Notices:

GRT, Inc.  
Attn: Chief Executive Officer  
861 Ward Drive  
Santa Barbara, CA 93111

Thomas W. Hook  
2502 Westgate  
Houston, TX 77019

Facsimile No.: (805) \_\_\_\_\_

Facsimile No.: (713) \_\_\_\_\_  
Email: thook@grt-inc.com

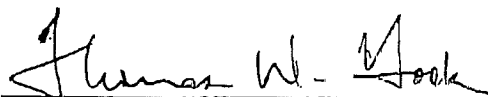
IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement as of the day and year first above written.

"DEBTOR:"

"COLLATERAL AGENT:"

GRT, INC., a Delaware corporation

By \_\_\_\_\_  
Eric McFarland, Chief Executive Officer

  
\_\_\_\_\_  
Thomas W. Hook

Address and Facsimile No. for Notices:

GRT, Inc.  
Attn: Chief Executive Officer  
861 Ward Drive  
Santa Barbara, CA 93111

Facsimile No.: (805) \_\_\_\_\_

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Thomas W. Hook  
2502 Westgate  
Houston, TX 77019

Facsimile No.: (713) \_\_\_\_\_  
Email: [thook@grt-inc.com](mailto:thook@grt-inc.com)

**EXHIBIT A**

**LIST OF AGREEMENTS**

Exclusive License Agreement (UC Case No. 2001-305) dated effective July 20, 2001, as amended by that certain First Amendment thereto dated effective November 21, 2004, that certain Second Amendment thereto dated effective November 30, 2008, and as amended by that certain Third Amendment thereto dated effective June 15, 2009, as amended by that certain Fourth Amendment thereto dated July 3 2012 (as so amended, the "License Agreement") by and among The Regents of the University of California and GRT, Inc., a Delaware corporation.

License Agreement dated July 18, 2008 by and among Marathon GTF Technology, Ltd., a Delaware corporation and GRT, Inc., a Delaware corporation.



## EXHIBIT B

### LIST OF PATENTS AND PATENT APPLICATIONS

- U.S. Patent No. 8,053,616 entitled "Continuous Process for Converting Natural Gas to Liquid Hydrocarbons"
- U.S. Patent No. 7,998,438, entitled "Zone Reactor Incorporating Reversible Hydrogen Halide Capture and Release"
- U.S. Patent No. 7,964,764, entitled "Hydrocarbon Synthesis"
- U.S. Patent No. 7,883,568, entitled "Separation of Light Gases from Halogens"
- U.S. Patent No. 7,847,139 entitled "Hydrocarbon Synthesis"
- U.S. Patent No. 7,838,708 entitled "Hydrocarbon Conversion Process Improvements"
- U.S. Patent No. 7,579,510, entitled "Continuous process for converting natural gas to liquid hydrocarbons"
- U.S. Patent 7,498,008 – "Process of gas treatment to remove pollutants"
- U.S. Patent No. 7,230,150 entitled "Zone Reactor"
- U.S. Patent No. 7,148,390 entitled "Integrated Process for Synthesizing Alcohols, Ethers, Aldehydes, and Olefins from Alkanes"
- U.S. Patent No. 7,019,182 entitled "Method of Hydrocarbon Preservation and Environmental Protection"
- U.S. Patent No. 7,161,050 entitled "Method and Apparatus for Synthesizing Olefins, Alcohols, Ethers, and Aldehydes"
- U.S. Patent No. 6,713,655 entitled "Integrated Process for Synthesizing Alcohols, Ethers, Aldehydes, and Olefins for Alkanes"
- U.S. Patent No. 6,596,177, entitled "Method of Improving the quality of Diesel Fuel"
- U.S. Patent No. 6,525,230 entitled "Zone Reactor"
- U.S. Patent No. 6,486,368 entitled "Integrated Process for Synthesizing Alcohols, Ethers, and Olefins from Alkanes"
- U.S. Patent No. 6,472,572 entitled "Integrated Process for Synthesizing Alcohols and Ethers from Alkanes"
- U.S. Patent No. 6,465,696 entitled "Integrated Process for Synthesizing Alcohols, Ethers, and Olefins from Alkanes"

U.S. Patent No. 6,462,243 entitled "Integrated Process for Synthesizing Alcohols and Ethers from Alkanes"

U.S. Patent No. 6,444,131, entitled "Treatment of contaminated liquids with oxidizing gasses and liquids"

U.S. Patent No. 6,403,840 entitled "Process for Synthesizing Olefin Oxides"

U.S. Patent No. 6,398,195, entitled "Method of and apparatus for producing sub-micron bubbles in liquid and slurries"

U.S. Patent Application 12/215,326 (Publication No. 20090069606) – "Method of Making Alkoxyates"

U.S. Patent Application 13/479,085 entitled "Conversion of propane to propylene"

U.S. Application No. 12/152,515 (Publication No. 20080314758), entitled "Process for Converting Hydrocarbon Feedstocks with Electrolytic Recovery of Halogen"

U.S. Application No. 12/504,865 (Publication No. 20100099929) entitled "Continuous Process for Converting Natural Gas to Liquid Hydrocarbons"

U.S. Application No. 12/504,880 (Publication No. 20100096588) entitled "Continuous Process for Converting Natural Gas to Liquid Hydrocarbons"

U.S. Application No. 12/504,894 (Publication No. 20100099930) entitled "Continuous Process for Converting Natural Gas to Liquid Hydrocarbons"

U.S. Provisional No. 61/082,143 – "HBr Products Separation"

U.S. Provisional No. 61/081,976 – "Conversion of Hydrogen Halides to Halogens by Air/Oxygen Oxidation"

U.S. Provisional No. 61/082,000 – "Process for Converting Natural Gas to Light Olefins"

U.S. Provisional No. 61/082,115 – "Regenerable Nano-Composite Solid Reactants for HBr Capture"

PCT/US07/03091 – "Continuous Process for Converting Natural Gas to Liquid Hydrocarbons"

PCT/US08/06244 – "Process for Converting Hydrocarbon Feedstocks with Electrolytic Recovery of Halogen"

PCT/US10/31971 – "Process for Converting Hydrocarbon Feedstocks with Electrolytic and Photoelectrolytic Recovery of Halogens"

PCT/US02/20981 – "Process of Synthesizing Olefin Oxides"

PCT/US02/18775 – "Integrated Process for Synthesizing Alcohols and Ethers From Alkanes"

PCT/US02/22817 – "Integrated Process for Synthesizing Alcohols and Ethers, and Olefins form Alkanes"

PCT/US08/64922 – "Zone Reactor Incorporating Reversible Hydrogen Halide Capture and Release"

PCT/US04/23036 – "Hydrocarbon synthesis"

PCT/US06/10854 – “Hydrocarbon Synthesis”

PCT/US07/03090 – “Separation of Light Gases from Halogens”

PCT/US09/50955 - “Continuous process for converting natural gas to liquid hydrocarbons”

PCT/US03/36933 – “Method and Apparatus for Synthesizing Olefins, Alcohols, Ethers and Aldehydes”