

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT

CONVEYING PARTY DATA

Name	Execution Date
C8 Medisensors Inc.	06/04/2013

RECEIVING PARTY DATA

Name:	Redox Biomedical, Inc.
Street Address:	381 Arlington Way
City:	Menlo Park
State/Country:	CALIFORNIA
Postal Code:	94025

PROPERTY NUMBERS Total: 20

Property Type	Number
Patent Number:	7251261
Patent Number:	7266401
Patent Number:	7277210
Patent Number:	7536213
Patent Number:	7742166
Patent Number:	7961312
Patent Number:	7973925
Patent Number:	8027033
Patent Number:	8358410
Patent Number:	8355125
Patent Number:	8442363
Patent Number:	8411265
Application Number:	12786699
Application Number:	13021004
Application Number:	13471341

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Application Number:	13670314
Application Number:	13674779
Application Number:	13668675
Application Number:	13892461
PCT Number:	US2013040794

CORRESPONDENCE DATA

Fax Number: 6509385200
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 6503357160
Email: dchevalier@fenwick.com
Correspondent Name: Andrew P. Whitehead
Address Line 1: 801 California Street
Address Line 4: Mountain View, CALIFORNIA 94041

ATTORNEY DOCKET NUMBER:	30511-01000
NAME OF SUBMITTER:	Andrew P. Whitehead
Signature:	/Andrew P. Whitehead/
Date:	07/18/2013

Total Attachments: 70

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PATENT TRANSFER STATEMENT
(under Uniform Commercial Code Section 9-619)

WHEREAS, C8 Medisensors Inc., a Delaware corporation ("**C8**"), is the registered owner of certain patents registered and patents applications pending in the United States Patent and Trademark Office, which are set forth on the Schedule attached hereto (hereinafter collectively referred to as the "**Patents**" and "**Applications**");

WHEREAS, C8 previously granted to Venture Lending & Leasing VI, Inc. ("**Secured Party**") security interests in all of C8's right, title and interest in and to all general intangibles and other personal property owned by C8, including the Patents and Applications, as security for certain loans which are in default;

WHEREAS, C8 has defaulted in connection with its secured obligations to Secured Party;

WHEREAS, Secured Party has exercised its post-default rights of foreclosure of its security interests in and to the Patents and Applications; and

WHEREAS, by reason of the exercise of such post-default remedies, all rights of C8 in and to the Patents and Applications have been acquired by Redox Biomedical, Inc. ("**Transferee**").

NOW, THEREFORE, in accordance with Section 9619(b) of the California Commercial Code, Transferee is entitled to a transfer of record of all rights of C8 in the Patents and Applications, and request is hereby made that the Commissioner of Patents and Trademarks and the United States Patent and Trademark Office accept the foregoing transfer statement and promptly amend its records to reflect the aforesaid transfer to Transferee.

The mailing address of C8, Secured Party and the Transferee are as follows:

C8: C8 Medisensors Inc.
c/o Western Technology Investment
104 La Mesa Drive, Suite102
Portola Valley, CA 94028
Attention: Chief Financial Officer

Secured Party: Venture Lending & Leasing VI, Inc.
104 La Mesa Drive, Suite102
Portola Valley, CA 94028
Attention: Chief Financial Officer

Transferee: Redox Biomedical, Inc.
381 Arlington Way
Menlo Park, CA 94025
Attention: Chief Financial Officer

This instrument may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. This instrument may be executed by facsimile signature, and such signature shall be treated as a fully enforceable signature hereto.

[Signature pages follow]

47558/0060
JTK/434038.5

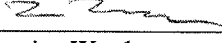
PATENT
REEL: 030824 FRAME: 0753

[Signature Page to Patent Transfer Statement]

IN WITNESS WHEREOF, Secured Party and Transferee have caused its name to be signed by a duly authorized representative this 4th day of June, 2013.

SECURED PARTY:

VENTURE LENDING & LEASING VI, INC.

By: 
Name: Maurice Werdegar
Title: President and CEO

TRANSFEREE:

Redox Biomedical, Inc.

By: _____
Name: Duke Rohlen
Title: Chief Executive Officer

47558/0060
JTK/434038.5

PATENT
REEL: 030824 FRAME: 0754

[Signature Page to Patent Transfer Statement]

IN WITNESS WHEREOF, Secured Party and Transferee have caused its name to be signed by a duly authorized representative this 4th day of June, 2013.

SECURED PARTY:

VENTURE LENDING & LEASING VI, INC.

By: _____

Name:

Title:

TRANSFEEE:

Redox Biomedical, Inc.

By: _____

Name: Doug Koo

Title: Chief Financial Officer

47558/0060
JTK/434038.5

Schedule of Patents and Applications

See Schedule A to the Intellectual Property Security Agreement

47558/0060
JTK/434038.5

PATENT
REEL: 030824 FRAME: 0756

SCHEDULE A

PATENTS

Issued Patents

FW Ref.	Patent No. (Serial No.)	Title	Inventors
10330 US	7,251,261 (11/129,165)	Temperature Tuning The Wavelength Of A Semiconductor Laser Using A Variable Thermal Impedance	Jan Lipson
10330 CN	2005/80014786 1	Temperature Tuning the Wavelength of a Semiconductor Laser Using a Variable Thermal Impedance	Jan Lipson
9353 US	7,266,401 (10/923,264)	Measuring Analytes From An Electromagnetic Spectrum Using A Wavelength Router	Jan Lipson
9353 CN	2004/80024147. 9	Measuring Analytes From An Electromagnetic Spectrum Using A Wavelength Router	Jan Lipson
10625 US	7,277,210 (11/187,350)	Measuring Spectral Lines From An Analyte Using Multiplexed Holograms And Polarization Manipulation	Jan Lipson
13032 US	7,536,213 (11/764,123)	Reduction In Scattering From A Turbid Medium By Photo-Bleaching	Jan Lipson, Robert P. McNamara, Jeff Bernhardt

PATENT

REEL: 030824 FRAME: 0757

FW Ref.	Patent No. (Serial No.)	Title	Inventors
12820 US	7,742,166 (11/740,767)	Enhancing Selectivity And/Or Sensitivity Of Spectroscopic Measurements In Media	Jan Lipson, Albert L. Lipson, Robert P. McNamara
14580 US	7,961,312 (12/191,096)	Calibrated Analyte Concentration Measurements in Mixtures	Jan Lipson, Jeff Bernhardt, Daniel Petrusek, William Freeman, Joseph M. Lipson, Robert P. McNamara
13795 US	7,973,925 (12/026,478)	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrusek, William Freeman, Joseph M. Lipson, Robert P. McNamara
17547 US	8,027,033 (12/911,489)	Calibrated Analyte Concentration Measurements in Mixtures	Jan Lipson, Thomas J. Lenosky, Jeffrey M. Bernhardt
16614 US	8,358,410 (12/785,049)	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice
16630 US	8,355,125 12/786,001	All Reflective Apparatus For Injecting Excitation Light And Collecting In-Elastically Scattered Light From A Sample	Jan Lipson, Donald A. Ice

PATENT

REEL: 030824 FRAME: 0758

FW Ref	Patent No. (Serial No.)	Title	Inventors
16632 US	8,442,363 12/786,751	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice
18253 US	8,411,265 13/160,412	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Robert P. McNamara, Donald A. Ice, Rudolph J. Hofmeister
9353 KR	2006/7003658	Apparatus to Make A Calibrated Measurement Of The Concentration Of Analytes From A Scattered Spectrum Using A Wavelength Router	Jan Lipson
10330 KR	2006/7026369	Temperature Tuning the Wavelength of a Semiconductor Laser Using a Variable Thermal Impedance	Jan Lipson
16614 US	12/785,049	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice

Pending Non-Provisional Applications

FW Ref.	Serial No.	Title	Inventors
16631 US	12/786,699	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf J. Hofmeister, Ueyn L. Block, Jan Lipson
18183 US	13/021,004	Apparatus For Enhancing Scattered Light Detection By Re-Directing Scattered Light Outside The Angular Range Of Collection Optics Back To The Sample And Method Of Fabricating Same	Jan Lipson, Rudolf J. Hofmeister, Donald A. Ice, Sascha Hallstein
20737 US	13/471,341	Systems Having A Reflected Light Sensor And Methods Of Use	Jan Lipson Donald Ice Rudolf J. Hofmeister, Yuxin Zhou Harold Sampson Qingfeng Huang James Stewart
21824 US	13/670,314	Molded Optical Element With Parabolic Mirror And Integral Plane Turning Mirror	Donald A. Ice
21825 US	13/674,779	Laser Wavelength Tracking Via Direct Laser Measurement and Optical Filters in a Spectrometer	Ueyn L. Block Stephen Waydo Rudolf Hofmeister

PATENT

REEL: 030824 FRAME: 0760

FW Ref.	Serial No.	Title	Inventors
21826 US	13/668,675	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein Jan Lipson Donald Ice, Rudolf Hofmeister Ueyn Bick
23936 US	13/892,461	Apparatus for Transforming the Aspect Ratio of an Optical Input Field Based on Stacked Waveguides	Sascha Hallstein Donald Ice

Inactive But Relevant for Priority/Publication

FW Ref.	Serial No.	Title	Inventors
Xxx1	60/497,072	Apparatus to Make a Calibrated Measurement of the Concentration of Analytes From a Scattered Spectrum Using a Wavelength Router	Jan Lipson
Xxx2	60/570,762	Apparatus to Apparatus to Temperature Tune the Wavelength of a Semiconductor Laser Using a Variable Thermal Impedance	Jan Lipson
Xxx3	60/590,413	Compact and Highly Efficient Apparatus to Measure Spectral Lines from an Analyte with a Wide Field of View	Jan Lipson
11179 PRO	60/796,012	Enhancing Selectivity And/Or Sensitivity Of Spectroscopic Measurements In Media	Jan Lipson, Albert L. Lipson, Robert P. McNamara
11769 PRO	60/814,191	Reduction In Scattering From A Turbid Medium By Photo-Bleaching	Jan Lipson, Robert P. McNamara, Jeff Bernhardt

PATENT

REEL: 030824 FRAME: 0762

FW Ref.	Serial No.	Title	Inventors
12581 PRO	60/888,487	Apparatus for Stabilizing Mechanical, Thermal, And Optical Properties And For Reducing The Fluorescence Of Biological Samples For Optical Evaluation	Jan Lipson, Jeff Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara
13254 PRO	60/955,575	Calibrated Analyte Concentration Measurements in Mixtures	Jan Lipson, Thomas Lenosky, Jeff Bernhardt
9353/PCT	PCT/US2004/0273 91	Apparatus To Make A Calibrated Measurement Of The Concentration Of Analytes From A Scattered Spectrum Using A Wavelength Router	Jan Lipson
10330/PCT	PCT/US2005/0169 25	Temperature Tuning The Wavelength Of A Semiconductor Laser Using A Variable Thermal Impedance	Jan Lipson

PATENT

REEL: 030824 FRAME: 0763

FW Ref.	Serial No.	Title	Inventors
10625/PCT	PCT/US2005/0260 39	Measuring Spectral Lines From An Analyte Using Multiplexed Holograms And Polarization Manipulation	Jan Lipson
10625 CN	2005/800314597	Measuring Spectral Lines From An Analyte Using Multiplexed Holograms And Polarization Manipulation	Jan Lipson
12820/PCT	US2007/067608	Enhancing Selectivity And/Or Sensitivity Of Spectroscopic Measurements In Media	Jan Lipson, Albert L. Lipson, Robert P. McNamara
13032/PCT	US2007/071483	Reduction In Scattering From A Turbid Medium By Photo-Bleaching	Jan Lipson, Robert P. McNamara, Jeff Bernhardt
13795/PCT	US08/53172	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara

PATENT

REEL: 030824 FRAME: 0764

FW Ref.	Serial No.	Title	Inventors
14580/PCT	US2008/073045	Calibrated Analyte Concentration Measurements In Mixtures	Jan Lipson, Thomas J. Lenosky, Jeffrey M. Bernhardt
15665 PRO	61/180,684	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice
15664 PRO	61/183,470	All Reflective Apparatus For Injecting Excitation Light And Collecting In-Elastically Scattered Light From A Sample	Jan Lipson, Donald A. Ice
15698 PRO	61/184,056	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf J. Hofmeister, Ueyn L. Block, Jan Lipson
15700 PRO	61/184,660	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice

PATENT

REEL: 030824 FRAME: 0765

FW Ref.	Serial No.	Title	Inventors
16532 PRO	61/302,008	Apparatus For Enhancing Scattered Light Detection By Re-Directing Scattered Light Outside The Angular Range Of Collection Optics Back To The Sample And Method Of Fabricating Same	Jan Lipson, Rudolf J. Hofmeister, Donald A. Ice, Sascha Hallstein
13795 CN	200880003802.0	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara
13032 CN	200780019069.7	Reduction In Scattering From A Turbid Medium By Photo-Bleaching	Jan Lipson, Robert P. McNamara, Jeff Bernhardt
13795 CN	200880003802.0	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara

PATENT

REEL: 030824 FRAME: 0766

FW Ref.	Serial No.	Title	Inventors
13795 EP	08729156.3	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara
13795 KR	10-2009-7015160	Apparatus for Stabilizing Mechanical, Thermal, and Optical Properties and for Reducing the Fluorescence of Biological Samples for Optical Evaluation	Jan Lipson, Jeffrey M. Bernhardt, Daniel Petrasek, William Freeman, Joseph M. Lipson, Robert P. McNamara
16630/PCT	PCT/US2010/0359 67	All Reflective Apparatus For Injecting Excitation Light And Collecting In-Elastically Scattered Light From A Sample	Jan Lipson, Donald A. Ice
13259 US	11/840,567	Calibrating Measurements of Analytes Concentrations in Solvents From An Electromagnetic Spectrum	Jan Lipson

PATENT

REEL: 030824 FRAME: 0767

FW Ref	Serial No.	Title	Inventors
19670 US	61/558,608	Parabolic Mirror with Integral Plane Turning Mirror	Donald A. Ice
19837 US	61/558,869	Laser Wavelength Tracking Via Direct Laser Measurement and Optical Filters in a Spectrometer	Ueyn L. Block, Stephen Waydo, Rudolf J. Hofmeister
19839 US	61/558,941	Rhomboid With Glass Cladding	Sascha Hallstein, Jan Lipson, Donald A. Ice, Rudolf J. Hofmeister, Ueyn L. Block
10625 EP	57764334	Measuring Spectral Lines From An Analyte Using Multiplexed Holograms And Polarization Manipulation	Jan Lipson
10625 KR	20077004203	Measuring Spectral Lines From An Analyte Using Multiplexed Holograms And Polarization Manipulation	Jan Lipson
16631 PCT	PCT/US2010/0360 26	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf J. Hofmeister, Ueyn L. Block, Jan Lipson

PATENT

REEL: 030824 FRAME: 0768

FW Ref.	Serial No.	Title	Inventors
16632/PCT	PCT/US2010/0360 56	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice
18183 PCT	PCT/US2011/0234 93	Apparatus For Enhancing Scattered Light Detection By Re-Directing Scattered Light Outside The Angular Range Of Collection Optics Back To The Sample And Method Of Fabricating Same	Jan Lipson, Rudolf J. Hofmeister, Donald A. Ice, Sascha Hallstein
16614/PCT	PCT/US2010/0358 48	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice
19670 PRO	61/558,608	Parabolic Mirror with Integral Plane Turning Mirror	Donald A. Ice

PATENT

REEL: 030824 FRAME: 0769

FW Ref.	Serial No.	Title	Inventors
19837 PRO	61/558,869	Laser Wavelength Tracking Via Direct Laser Measurement and Optical Filters in a Spectrometer	Ueyn L. Block, Stephen Waydo, Rudolf J. Hofmeister
19839 PRO	61/558,941	Rhomboid With Glass Cladding	Sascha Hallstein, Jan Lipson, Donald A. Ice, Rudolf J. Hofmeister, Ueyn L. Block

PCT/Foreign Applications

FW Ref.	Serial No.	Title	Inventors
9353 EP	47819743	Measuring Analytes From An Electromagnetic Spectrum Using A Wavelength Router	Jan Lipson
10330 EP	57506826	Temperature Tuning The Wavelength Of A Semiconductor Laser Using A Variable Thermal Impedance	Jan Lipson
12820 EP	07761434.5	Enhancing Selectivity And/Or Sensitivity Of Spectroscopic Measurements In Media	Jan Lipson, Albert L. Lipson, Robert P. McNamara

PATENT

REEL: 030824 FRAME: 0770

FW Ref.	Serial No.	Title	Inventors
13032 EP	07812186.0	Reduction In Scattering From A Turbid Medium By Photo-Bleaching	Jan Lipson, Robert P. McNamara, Jeff Bernhardt
16614/CN		Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice
16614/EP	10778501.6	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice

PATENT

REEL: 030824 FRAME: 0771

FW Ref.	Serial No.	Title	Inventors
16614/KR	2011-7030725	Large Field Of View, High Numerical Aperture Compound Objective Lens With Two Pairs Of Identical Elements And Near IR Spectrometer Containing Two Such Compound Lenses	Sascha Hallstein, Donald A. Ice
16630/CN	201080024323.4	All Reflective Apparatus For Injecting Excitation Light And Collecting In-Elastically Scattered Light From A Sample	Jan Lipson, Donald A. Ice
16630/KR	2011-7029102	All Reflective Apparatus For Injecting Excitation Light And Collecting In-Elastically Scattered Light From A Sample	Jan Lipson, Donald A. Ice
16631/CN	201080024623.2	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf J.Hofmeister, Ueyn L. Block, Jan Lipson
16631/EP	10783809.6	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf J.Hofmeister, Ueyn L. Block, Jan Lipson

PATENT

REEL: 030824 FRAME: 0772

FW Ref.	Serial No.	Title	Inventors
16631/KR	2012-7000162	Apparatus For Increasing Blood Perfusion And Improving Heat Sinking To Skin	Donald A. Ice, Rudolf Hofmeister, Ueyn L. Block, Jan Lipson
16632/CN	201080024611.X	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice
16632/EP	10783812.0	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice
16632/KR	2012-7000357	Apparatus For Transforming The Aspect Ratio Of An Optical Input Field Based On Stacked Waveguides	Sascha Hallstein, Donald A. Ice
20737 PCT	PCT/US2013/0407 94	Systems Having A Reflected Light Sensor And Methods Of Use	Jan Lipson Donald Ice Rudolf J. Hofmeister, Yuxin Zhou Harold Sampson Qingfeng Huang James Stewart

PATENT

REEL: 030824 FRAME: 0773



Western Technology Investment

DEFAULT NOTICE

March 12, 2013

Mr. Joe Pepper, Chairman
Mr. Fred Toney, CFO

C8 Medisensors, Inc.
6375 San Ignacio Ave
San Jose, CA 95119

RE: Notice of Default under the Loan Agreement

Dear Mr. Pepper and Mr. Toney:

Reference is made to the Loan and Security Agreement and Supplements thereto, dated as of April 11, 2011 and February 13, 2012, (collectively, the "**Loan Agreement**") between C8 Medisensors, Inc. ("**Borrower**") and Venture Lending & Leasing VI, Inc. ("**VLL6**" or "**Lender**"). All capitalized terms not otherwise defined in this letter have the meanings ascribed to them in the Loan Agreement.

Borrower is delinquent on its February 1, 2013 and March 1, 2013 payments of \$230,860 per month to the Lender. As of March 12, 2013, Lender has not received the scheduled payments due under the Loan Agreement.

According to the terms of the Loan Agreement, upon the occurrence and continuation of an Event of Default, Lender has the right to accelerate all sums of basic interest, principal, terminal payments, and other payments due under the Loan Agreement. In addition, Lender has the right to exercise any other right or remedy provided under the Loan Documents or applicable law. The Lender hereby elects to accelerate all such obligations and indebtedness.

As of March 12, 2013, the following amount is due to the Lender:

VLL6: \$4,812,500

The foregoing amount does not include attorney's fees, late fees, and other costs of enforcement and collection as provided in the Loan Documents. The Lender reserves all rights to collect such costs and reserves the right to assess and collect additional

• 650-234-4000
• 650-234-4334

100 LA MESA DRIVE, SUITE 102, NORTH VALLEY, CA 94558
WESTERN TECHNOLOGY INVESTMENT

PATENT
REEL: 030824 FRAME: 0774



Western Technology Investment

interest on the accelerated but unpaid amounts at the Default Rate. Lender also reserves all rights and remedies available under the Loan Documents and applicable law, including the right to recover and dispose of all Collateral for the indebtedness in which Borrower granted a security interest to the Lender pursuant to the Loan Documents.

Please immediately remit the balances as follows:

FOR VENTURE LENDING & LEASING VI, INC

Wells Fargo Bank

Waco, TX 76702

ABA # 1210-00248

Credit To: A/C 0000840245/TRUST WIRE CLEARING

For Further Credit to/Beneficiary ID: 25009201/Venture Lending & Leasing VI, Inc.

Attn: Lynn McLean

Sincerely,

Venture Lending & Leasing VI, Inc.

Bruce Levin

VP Finance and Controller

cc: Rudy Ruano

Maurice Werdegarr

Jeffrey Klugman, Greene Radovsky Maloney Share and Hennigh LLP

LOAN AND SECURITY AGREEMENT

Dated as of April 11, 2011

between

**C8 MEDISENSORS INC.,
a Delaware corporation,**

as "Borrower",

and

**VENTURE LENDING & LEASING VI, INC.,
a Maryland corporation,**

as "Lender"

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**PATENT
REEL: 030824 FRAME: 0776**

LOAN AND SECURITY AGREEMENT

Borrower and Lender have entered or anticipate entering into one or more transactions pursuant to which Lender agrees to make available to Borrower a loan facility governed by the terms and conditions set forth in this document and one or more Supplements executed by Borrower and Lender which incorporate this document by reference. Each Supplement constitutes a supplement to and forms part of this document, and will be read and construed as one with this document, so that this document and the Supplement constitute a single agreement between the parties (collectively referred to as this "Agreement").

Accordingly, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions. The terms defined in Article 10 and in the Supplement will have the meanings therein specified for purposes of this Agreement.

1.2 Inconsistency. In the event of any inconsistency between the provisions of any Supplement and this document, the provisions of the Supplement will be controlling for the purpose of all relevant transactions.

ARTICLE 2 - THE COMMITMENT AND LOANS

2.1 The Commitment. Subject to the terms and conditions of this Agreement, Lender agrees to make term loans to Borrower from time to time from the Closing Date up to and including the Termination Date in an aggregate principal amount not exceeding the Commitment. The Commitment is not a revolving credit commitment, and Borrower does not have the right to repay and reborrow hereunder. Each Loan requested by Borrower to be made on a single Business Day shall be for a minimum principal amount set forth in the Supplement, except to the extent the remaining Commitment is a lesser amount.

2.2 Notes Evidencing Loans; Repayment. Each Loan shall be evidenced by a separate Note payable to the order of Lender, in the total principal amount of the Loan. Principal and interest of each Loan shall be payable at the times and in the manner set forth in the Note and regularly scheduled payments thereof shall be effected by automatic debit of the appropriate funds from Borrower's Primary Operating Account as specified in the Supplement hereto.

2.3 Procedures for Borrowing.

(a) At least five (5) Business Days' prior to a proposed Borrowing Date, Lender shall have received from the Borrower a written request for a borrowing hereunder (a "Borrowing Request"). Each Borrowing

Request shall be in substantially the form of Exhibit "B" to the Supplement, shall be executed by a responsible executive or financial officer of Borrower, and shall state how much is requested, and shall be accompanied by such other information and documentation as Lender may reasonably request, including the original executed Note(s) for the Loan(s) covered by the Borrowing Request.

(b) No later than 1:00 p.m. Pacific Standard Time on the Borrowing Date, if Borrower has satisfied the conditions precedent in Article 4, Lender shall make the Loan available to Borrower in immediately available funds.

2.4 Interest. Except as otherwise specified in the applicable Note and/or Supplement, Basic Interest on the outstanding principal balance of each Loan shall accrue daily at the Designated Rate from the Borrowing Date. If the outstanding principal balance of such Loan is not paid at maturity, interest shall accrue at the Default Rate until paid in full, as further set forth herein.

2.5 Reserved.

2.6 Interest Rate Calculation. Basic Interest, along with charges and fees under this Agreement and any Loan Document, shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest, charge or fee payments than if a 365-day year were used. In no event shall Borrower be obligated to pay Lender interest, charges or fees at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

2.7 Default Interest. Any unpaid payments in respect of the Obligations shall bear interest from their respective maturities, whether scheduled or accelerated, at the Default Rate. Borrower shall pay such interest on demand.

2.8 Late Charges. If Borrower is late in making any payment in respect of the Obligations by more than five (5) days, then Borrower agrees to pay a late charge of five percent (5%) of the payment due, but not less than fifty dollars (\$50.00) for any one such delinquent payment. This late charge may be charged by Lender for the purpose of defraying the expenses incidental to the handling of such delinquent amounts. Borrower acknowledges that such late charge represents a reasonable sum considering all of the circumstances existing on the date of this Agreement and represents a fair and reasonable estimate of the costs that will be sustained by Lender due to the failure of Borrower to make timely payments. Borrower further agrees that proof of actual damages would be costly and inconvenient. Such late charge shall be paid without prejudice to the right of Lender to collect any other amounts provided to be paid or to declare a default under this Agreement or any of the other Loan Documents or from exercising any other rights and remedies of Lender.

2.9 Lender's Records. Principal, Basic Interest and all other sums owed under any Loan Document shall be evidenced by entries in records maintained by Lender for such purpose. Each payment on and any other credits with respect to principal, Basic Interest and all other sums outstanding under any Loan Document shall be evidenced by entries in such records. Absent manifest error, Lender's records shall be conclusive evidence thereof.

2.10 Grant of Security Interests; Filing of Financing Statements.

(a) To secure the timely payment and performance of all of Borrower's Obligations, Borrower hereby grants to Lender continuing security interests in all of the Collateral. In connection with the foregoing, Borrower authorizes Lender to prepare and file any financing statements describing the Collateral without otherwise obtaining the Borrower's signature or consent with respect to the filing of such financing statements.

(b) In furtherance of the Borrower's grant of the security interests in the Collateral pursuant to Section 2.10(a) above, Borrower hereby pledges and grants to the Lender a security interest in all the Shares, together with all proceeds and substitutions thereof, all cash, stock and other moneys and property paid thereon, all rights to subscribe for securities declared or granted in connection therewith, and all other cash and noncash proceeds of the foregoing, as security for the performance of the Obligations. On

the Closing Date or at any time thereafter following Lender's request, the certificate or certificates for the Shares will be delivered to Lender, accompanied by an instrument of assignment duly executed in blank by Borrower, unless such Shares have not been certificated. To the extent required by the terms and conditions governing the Shares, Borrower shall cause the books of each entity whose Shares are part of the Collateral and any transfer agent to reflect the pledge of the Shares. Upon the occurrence and during the continuance of an Event of Default hereunder, Lender may effect the transfer of any securities included in the Collateral (including but not limited to the Shares) into the name of Lender and cause new certificates representing such securities to be issued in the name of Lender or its transferee(s). Borrower will execute and deliver such documents, and take or cause to be taken such actions, as Lender may reasonably request to perfect or continue the perfection of Lender's security interest in the Shares.

Unless an Event of Default shall have occurred and be continuing, Borrower shall be entitled to exercise any voting rights with respect to the Shares and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be inconsistent with any of the terms of this Agreement or which would constitute or create any violation of any of such terms. All such rights to vote and give consents, waivers and ratifications shall terminate upon the occurrence and continuance of an Event of Default.

(c) Borrower agrees that no later than the Borrowing Date of the initial Loan, a portion of the Obligations will be cash collateralized as more particularly described in this Section 2.10(c). Borrower agrees that no later than such date, Borrower shall have deposited cash in the amount of \$500,000 into a Deposit Account at Wells Fargo Bank (the "**Bank**") with respect to which Borrower and Lender shall have entered into an agreement that will perfect Lender's Liens thereon by control in accordance with Article 9 of the UCC (such Deposit Account being referred to herein as the "**Cash Collateral Account**"). Borrower agrees that the balance of the Cash Collateral Account shall at all times be equal to the lesser of (i) \$500,000 and (ii) the aggregate outstanding Obligations as of any date of determination. In order to ensure compliance with the terms of the previous sentence, Borrower agrees that Lender may deliver to the Bank a notice of exclusive control (or equivalent) so that the Bank will (i) comply only with Lender's instructions as to the withdrawal or disposition of any funds credited to the Cash Collateral Account and to

any other matters relating to the Cash Collateral Account, without Borrower's further consent and (ii) not comply with any instructions from Borrower concerning the Cash Collateral Account and any funds therein. Lender agrees that it shall not instruct Bank to transfer to Lender the funds in the Cash Collateral Account unless an Event of Default has occurred and is continuing.

(d) Borrower is and shall remain absolutely and unconditionally liable for the performance of its obligations under the Loan Documents, including, without limitation, any deficiency by reason of the failure of the Collateral to satisfy all amounts due Lender under any of the Loan Documents.

(e) All Collateral pledged by Borrower under this Agreement and any Supplement shall secure the timely payment and performance of all Obligations under this Agreement, the Notes and the other Loan Documents. Except as expressly provided in this Agreement, no Collateral pledged under this Agreement or any Supplement shall be released until such time as all Obligations (other than inchoate indemnity obligations) under this Agreement and the other Loan Documents have been satisfied and paid in full.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that, except as set forth in the Supplement or the Schedule of Exceptions hereto, if any, as of the Closing Date and each Borrowing Date:

3.1 Due Organization. Borrower is a corporation duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, and is duly qualified to conduct business and is in good standing in each other jurisdiction in which its business is conducted or its properties are located, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization, Validity and Enforceability. The execution, delivery and performance of all Loan Documents executed by Borrower are within Borrower's powers, have been duly authorized, and are not in conflict with Borrower's certificate of incorporation or by-laws, or the terms of any charter or other organizational document of Borrower, as amended from time to time; and all such Loan Documents constitute valid and binding obligations of

Borrower, enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights in general, and subject to general principles of equity).

3.3 Compliance with Applicable Laws. Borrower has complied with all licensing, permit and fictitious name requirements necessary to lawfully conduct the business in which it is engaged, and to any sales, leases or the furnishing of services by Borrower, including without limitation those requiring consumer or other disclosures, the noncompliance with which could reasonably be expected to have a Material Adverse Effect.

3.4 No Conflict. The execution, delivery, and performance by Borrower of all Loan Documents are not in conflict with any law, rule, regulation, order or directive, or any indenture, agreement, or undertaking to which Borrower is a party or by which Borrower may be bound or affected, the noncompliance with which could reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the issuance of the Warrant to Lender (or its designee) and the grant of registration rights in connection therewith do not violate any agreement or instrument by which Borrower is bound or require the consent of any holders of Borrower's securities other than consents which have been obtained prior to the Closing Date.

3.5 No Litigation, Claims or Proceedings. There is no litigation, tax claim, proceeding or dispute pending, or, to the knowledge of Borrower, threatened against or affecting Borrower, its property or the conduct of its business which could reasonably be expected to have a Material Adverse Effect.

3.6 Correctness of Financial Statements. Borrower's financial statements which have been delivered to Lender fairly and accurately reflect Borrower's financial condition in accordance with GAAP as of the latest date of such financial statements (except in the case of unaudited financial statements, for the omission of footnotes and subject to normal year-end adjustments); and, since that date there has been no Material Adverse Change.

3.7 No Subsidiaries. Borrower is not a majority owner of or in a control relationship with any other business entity.

3.8 Environmental Matters. To its knowledge after reasonable inquiry, Borrower has concluded that

Borrower is in compliance with Environmental Laws, except to the extent a failure to be in such compliance could not reasonably be expected to have a Material Adverse Effect.

3.9 No Event of Default. No Default or Event of Default has occurred and is continuing.

3.10 Full Disclosure. None of the representations or warranties made by Borrower in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of Borrower in connection with the Loan Documents (including disclosure materials delivered by or on behalf of Borrower to Lender prior to the Closing Date or pursuant to Section 5.2 hereof), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered. It is understood and acknowledged by Lender that projections and forecasts delivered by or on behalf of Borrower in good faith shall not be viewed as facts and that actual results may vary from such projections and forecasts.

3.11 Specific Representations Regarding Collateral.

(a) **Title.** Except for the security interests created by this Agreement and Permitted Liens, (i) Borrower is and will be the unconditional legal and beneficial owner of the Collateral, and (ii) the Collateral is genuine and subject to no Liens, rights or defenses of others. There exist no prior assignments or encumbrances of record with the U.S. Patent and Trademark Office or U.S. Copyright Office affecting any Collateral in favor of any third party.

(b) **Rights to Payment.** The names of the obligors, amount owing to Borrower, due dates and all other information with respect to the Rights to Payment are and will be correctly stated in all material respects in all Records relating to the Rights to Payment. Borrower further represents and warrants, to its knowledge, that each Person appearing to be obligated on a Right to Payment has authority and capacity to contract and is bound as it appears to be.

(c) **Location of Collateral.** Borrower's chief executive office, Inventory, Records, Equipment, and any other offices or places of business are located at the address(es) shown on the Supplement.

(d) **Business Names.** Other than its full corporate name, Borrower has not conducted business using any trade names or fictitious business names except as shown on the Supplement.

3.12 Copyrights, Patents, Trademarks and Licenses.

(a) Borrower owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other similar rights that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person.

(b) To Borrower's knowledge, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower infringes upon any rights held by any other Person.

(c) No claim or litigation involving Borrower regarding any of the foregoing is pending or, to Borrower's knowledge, threatened, and to Borrower's knowledge, no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or proposed which, in either case, could reasonably be expected to have a Material Adverse Effect.

3.13 Regulatory Compliance. Borrower has met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. No event has occurred resulting from Borrower's failure to comply with ERISA that is reasonably likely to result in Borrower's incurring any liability that could have a Material Adverse Effect. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). Borrower has complied with all the provisions of the Federal Fair Labor Standards Act.

3.14 Shares. Borrower has full power and authority to create a first priority Lien on the Shares and no disability or contractual obligation exists that would prohibit Borrower from pledging the Shares pursuant to this Agreement. To Borrower's

knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. The Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

3.15 Survival. The representations and warranties of Borrower as set forth in this Agreement survive the execution and delivery of this Agreement.

ARTICLE 4 - CONDITIONS PRECEDENT

4.1 Conditions to First Loan. The obligation of Lender to make its first Loan hereunder is, in addition to the conditions precedent specified in Section 4.2 and in any Supplement, subject to the fulfillment of the following conditions and to the receipt by Lender of the documents described below, duly executed and in form and substance satisfactory to Lender and its counsel:

(a) **Resolutions.** A certified copy of the resolutions of the Board of Directors of Borrower authorizing the execution, delivery and performance by Borrower of the Loan Documents.

(b) **Incumbency and Signatures.** A certificate of the secretary of Borrower certifying the names of the officer or officers of Borrower authorized to sign the Loan Documents, together with a sample of the true signature of each such officer.

(c) **Legal Opinion.** The opinion of legal counsel for Borrower as to such matters as Lender may reasonably request, substantially in the form attached as Exhibit "F" to the Supplement.

(d) **Certificate and Bylaws.** Certified copies of the Certificate of Incorporation and Bylaws of Borrower, as amended through the Closing Date.

(e) **This Agreement.** Original counterparts of this Agreement and the initial Supplement, with all schedules completed and attached thereto, and disclosing such information as is acceptable to Lender.

(f) **Financing Statements.** Filing copies (or other evidence of filing satisfactory to Lender and its counsel) of such UCC financing statements, collateral assignments, account control agreements, and

termination statements, with respect to the Collateral as Lender shall request.

(g) **Reserved.**

(h) **Lien Searches.** UCC lien, judgment, bankruptcy and tax lien searches of Borrower from such jurisdictions or offices as Lender may reasonably request, all as of a date reasonably satisfactory to Lender and its counsel.

(i) **Good Standing Certificate.** A certificate of status or good standing of Borrower as of a date acceptable to Lender from the jurisdiction of Borrower's organization and any foreign jurisdictions where Borrower is qualified to do business.

(j) **Warrant(s).** An original warrant issued by Borrower to Lender (or its designee) exercisable for such number, type and class of shares of Borrower's capital stock, and for an initial exercise price as is specified in the Supplement.

(k) **Insurance Certificates.** Insurance certificates showing Lender as loss payee or additional insured.

(l) **Other Documents.** Such other documents and instruments as Lender may reasonably request to effectuate the intents and purposes of this Agreement.

4.2 Conditions to All Loans. The obligation of Lender to make its initial Loan and each subsequent Loan is subject to the following further conditions precedent that:

(a) **No Default.** No Default or Event of Default has occurred and is continuing or will result from the making of any such Loan, and the representations and warranties of Borrower contained in Article 3 of this Agreement and Part 3 of the Supplement are true and correct in all material respects as of the Borrowing Date of such Loan.

(b) **No Material Adverse Change.** No event has occurred that has had or could reasonably be expected to have a Material Adverse Change.

(c) **Borrowing Request.** Borrower shall have delivered to Lender a Borrowing Request for such Loan.

(d) **Note.** Borrower shall have delivered an original executed Note evidencing such Loan,

substantially in the form attached to the Supplement as an exhibit.

(e) **Supplemental Lien Filings.** Borrower shall have executed and delivered such amendments or supplements to this Agreement and additional Security Documents, financing statements and third party waivers as Lender may reasonably request in connection with the proposed Loan, in order to create, protect or perfect or to maintain the perfection of Lender's Liens on the Collateral.

(f) **VCOC Limitation.** Lender shall not be obligated to make any Loan under its Commitment if at the time of or after giving effect to the proposed Loan Lender would no longer qualify as: (i) a "venture capital operating company" under U.S. Department of Labor Regulations Section 2510.3-101(d), Title 29 of the Code of Federal Regulations, as amended; and (ii) a "business development company" under the provisions of federal Investment Company Act of 1940, as amended; and (iii) a "regulated investment company" under the provisions of the Internal Revenue Code of 1986, as amended.

(g) **Financial Projections.** Borrower shall have delivered to Lender Borrower's business plan and/or financial projections or forecasts as most recently approved by Borrower's Board of Directors.

ARTICLE 5 - AFFIRMATIVE COVENANTS

During the term of this Agreement and until its performance of all Obligations (other than inchoate indemnity obligations), Borrower will:

5.1 Notice to Lender. Promptly give written notice to Lender of:

(a) Any litigation or administrative or regulatory proceeding affecting Borrower where the amount claimed against Borrower is at the Threshold Amount or more, or where the granting of the relief requested could reasonably be expected to have a Material Adverse Effect; or of the acquisition by Borrower of any commercial tort claim, including brief details of such claim and such other information as Lender may reasonably request to enable Lender to better perfect its Lien in such commercial tort claim as Collateral.

(b) Any substantial dispute which may exist between Borrower and any governmental or regulatory authority which could reasonably be expected to have a Material Adverse Effect.

(c) The occurrence of any Default or any Event of Default.

(d) Any change in the location of any of Borrower's places of business or Collateral with a value in excess of \$25,000 at least ten (10) days in advance of such change, or of the establishment of any new, or the discontinuance of any existing, place of business.

(e) Any dispute or default by Borrower or any other party under any joint venture, partnering, distribution, cross-licensing, strategic alliance, collaborative research or manufacturing, license or similar agreement which could reasonably be expected to have a Material Adverse Effect.

(f) Any other matter which has resulted or could reasonably be expected to result in a Material Adverse Change.

5.2 Financial Statements. Deliver to Lender or cause to be delivered to Lender, in form and detail reasonably satisfactory to Lender the following financial and other information, which Borrower warrants shall be accurate and complete in all material respects:

(a) **Monthly Financial Statements.** As soon as available but no later than thirty (30) days after the end of each month, Borrower's balance sheet as of the end of such period, and Borrower's income statement for such period and for that portion of Borrower's financial reporting year ending with such period, prepared in accordance with GAAP (except for the omission of footnotes and subject to normal year-end adjustments) and attested by a responsible financial officer of Borrower as being complete and correct and fairly presenting Borrower's financial condition and the results of Borrower's operations. After a Qualified Public Offering, the foregoing interim financial statements shall be delivered no later than 45 days after each fiscal quarter and for the quarter-annual fiscal period then ended.

(b) **Year-End Financial Statements.** Contemporaneously with delivery to Borrower's Board of Directors after and as of the end of each financial reporting year, a complete copy of Borrower's audit report, which shall include balance sheet, income statement, statement of changes in equity and statement of cash flows for such year, prepared in accordance with GAAP and certified by an independent certified public accountant selected by Borrower and

satisfactory to Lender (the "Accountant"). The Accountant's certification shall not be qualified or limited due to a restricted or limited examination by the Accountant of any material portion of Borrower's records or otherwise.

(c) **Compliance Certificates.** Simultaneously with the delivery of each set of financial statements referred to in paragraphs (a) and (b) above, a certificate of the chief financial officer of Borrower (or other executive officer) substantially in the form of Exhibit "C" to the Supplement, which shall certify, among other things, whether any Default or Event of Default exists on the date of such certificate, and if so, setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto.

(d) **Government Required Reports; Press Releases.** Promptly after sending, issuing, making available, or filing, copies of all corporate press releases released to any news media for publication, all reports, proxy statements, and financial statements that Borrower sends or makes generally available to its stockholders, and, not later than five (5) days after actual filing or the date such filing was first due, all registration statements and reports that Borrower files or is required to file with the Securities and Exchange Commission.

(e) **Other Information.** Such other statements, lists of property and accounts, budgets (as updated), sales projections, forecasts, reports, 409A valuation reports, operating plans, financial exhibits, capitalization tables (as updated) and information relating to equity financings consummated after the Closing Date (including post-closing capitalization table(s)), or other information as Lender may from time to time reasonably request.

5.3 Managerial Assistance from Lender. Permit Lender to substantially participate in, and substantially influence the conduct of management of Borrower through the exercise of "management rights," as that term is defined in 29 C.F.R. § 2510.3-101(d), including without limitation the following rights:

(a) Borrower agrees that (i) it will make its officers, directors, employees and affiliates available at such times as Lender may reasonably request for Lender to consult with and advise as to the conduct of Borrower's business, its equipment and financing plans, and its financial condition and prospects, (ii) Lender shall have the right to inspect Borrower's books, records, facilities and properties at reasonable times during normal business hours on reasonable

advance notice, and (iii) Lender shall be entitled to recommend prospective candidates for election or nomination for election to Borrower's Board of Directors and Borrower shall give due consideration to (but shall not be bound by) such recommendations, it being the intention of the parties that Lender shall be entitled through such rights, *inter alia*, to furnish "significant managerial assistance", as defined in Section 2(a)(47) of the Investment Company Act of 1940, to Borrower.

(b) Without limiting the generality of (a) above, if Lender reasonably believes that financial or other developments affecting Borrower have impaired or are likely to impair Borrower's ability to perform its obligations under this Agreement, permit Lender reasonable access to Borrower's management and/or Board of Directors and opportunity to present Lender's views with respect to such developments.

Lender shall cooperate with Borrower to ensure that the exercise of Lender's rights shall not disrupt the business of Borrower. The rights enumerated above shall not be construed as giving Lender control over Borrower's management or policies.

5.4 Existence. Maintain and preserve Borrower's existence, present form of business, and all rights and privileges necessary or desirable in the normal course of its business; and keep all Borrower's property in good working order and condition, ordinary wear and tear excepted.

5.5 Insurance. Obtain and keep in force insurance in such amounts and types as is usual in the type of business conducted by Borrower, with insurance carriers having a policyholder rating of not less than "A" and financial category rating of Class VII in "Best's Insurance Guide," unless otherwise approved by Lender. Such insurance policies must be in form and substance reasonably satisfactory to Lender, and shall list Lender as an additional insured or loss payee, as applicable, on endorsement(s) in form reasonably acceptable to Lender. Borrower shall furnish to Lender such endorsements, and upon Lender's request, copies of any or all such policies. If no Event of Default has occurred and is continuing, proceeds payable under any casualty policy will, at Borrower's option, be payable to Borrower to replace the property subject to the claim, provided that any such replacement property shall be deemed Collateral in which Lender has been granted a first priority security interest. If an Event of Default has occurred and is continuing, then proceeds payable under any policy will be payable to Lender

toward the satisfaction of the Obligations in accordance with the terms of this Agreement.

5.6 Accounting Records. Maintain adequate books, accounts and records, and prepare all financial statements in accordance with GAAP (except in the case of unaudited financial statements for the omission of footnotes and subject to normal year-end adjustments), and in compliance with the regulations of any governmental or regulatory authority having jurisdiction over Borrower or Borrower's business; and permit employees or agents of Lender at such reasonable times and upon reasonable advance written notice as Lender may request, at Borrower's expense for one such inspection each calendar year and for all such inspections while an Event of Default has occurred and is continuing, to inspect Borrower's properties, and to examine, and make copies and memoranda of Borrower's books, accounts and records.

5.7 Compliance With Laws. Comply with all laws (including Environmental Laws), rules, regulations applicable to, and all orders and directives of any governmental or regulatory authority having jurisdiction over, Borrower or Borrower's business, and with all material agreements to which Borrower is a party, except where the failure to so comply would not have a Material Adverse Effect.

5.8 Taxes and Other Liabilities. Pay all Borrower's Indebtedness when due taking into account applicable cure periods; pay all taxes and other governmental or regulatory assessments before delinquency or before any penalty attaches thereto, except as may be contested in good faith by the appropriate procedures and for which Borrower shall maintain appropriate reserves; and timely file all required tax returns.

5.9 Special Collateral Covenants.

(a) Maintenance of Collateral; Inspection. Do all things reasonably necessary to maintain, preserve, protect and keep all Collateral in good working order and salable condition, ordinary wear and tear excepted, deal with the Collateral in all ways as are considered good practice by owners of like property, and use the Collateral lawfully and, to the extent applicable, only as permitted by Borrower's insurance policies. Maintain, or cause to be maintained, complete and accurate Records relating to the Collateral. Upon reasonable prior notice at reasonable times during normal business hours (but not more than once per calendar year unless an Event of Default has occurred and is continuing),

Borrower hereby authorizes Lender's officers, employees, representatives and agents to inspect the Collateral and to discuss the Collateral and the Records relating thereto with Borrower's officers and employees, and, in the case of any Right to Payment after the occurrence and during the continuance of an Event of Default, with any Person which is or may be obligated thereon.

(b) Documents of Title. Not sign or authorize the signing of any financing statement or other document naming Borrower as debtor or obligor (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest), or acquiesce or cooperate in the issuance of any bill of lading, warehouse receipt or other document or instrument of title with respect to any Collateral, except those negotiated to Lender, or those naming Lender as secured party, or if solely to create, perfect or maintain a Permitted Lien.

(c) Change in Location or Name. Without at least 10 days' prior written notice to Lender: (a) not relocate any Collateral with a value in excess of \$25,000 or Records, its chief executive office, or establish a place of business at a location other than as specified in the Supplement; and (b) not change its name, mailing address, location of Collateral with a value in excess of \$25,000 (except Transfers permitted by Section 6.5), jurisdiction of incorporation or its legal structure.

(d) Decals, Markings. At the request of Lender, firmly affix a decal, stencil or other marking to designated items of Equipment, indicating thereon the security interest of Lender.

(e) Agreement With Persons in Possession of Collateral. Obtain and maintain such acknowledgments, consents, waivers and agreements (each a "Waiver") from the owner, operator, lienholder, mortgagee, landlord or any Person in possession of tangible Collateral in excess of \$25,000 per location as Lender may require, all in form and substance satisfactory to Lender. Notwithstanding the foregoing, Borrower shall not be required to deliver a Waiver with respect to the persons in possession of the Collateral located at 727 University Avenue, Los Gatos, CA 95032 or 3675 San Ignacio, San Jose, CA.

(f) Certain Agreements on Rights to Payment. Other than in the ordinary course of business, not make any material discount, credit, rebate or other reduction in the original amount owing on a Right to Payment or

accept in satisfaction of a Right to Payment less than the original amount thereof.

5.10 Authorization for Automated Clearinghouse Funds Transfer. (i) Authorize Lender to initiate debit entries to Borrower's Primary Operating Account, specified in the Supplement hereto, through Automated Clearinghouse ("ACH") transfers, in order to satisfy the regularly scheduled payments of principal and interest; (ii) provide Lender at least ten (10) days notice of any change in Borrower's Primary Operating Account; and (iii) grant Lender any additional authorizations necessary to begin ACH debits from a new account which becomes the Primary Operating Account.

ARTICLE 6 - NEGATIVE COVENANTS

During the term of this Agreement and until the performance of all Obligations (other than inchoate indemnity obligations), Borrower will not:

6.1 Indebtedness. Be indebted for borrowed money, the deferred purchase price of property, or leases which would be capitalized in accordance with GAAP; or become liable as a surety, guarantor, accommodation party or otherwise for or upon the obligation of any other Person, except:

(a) Indebtedness incurred for the acquisition of supplies or inventory on normal trade credit;

(b) Indebtedness incurred pursuant to one or more transactions permitted under Section 6.4;

(c) Indebtedness of Borrower under this Agreement;

(d) Subordinated Debt;

(e) Indebtedness secured only by the security interests covered by subsection (c) of the definition of Permitted Lien not to exceed One Million Dollars (\$1,000,000) in aggregate amount outstanding at any one time;

(f) Other Indebtedness in an aggregate amount outstanding at any time of not more than \$250,000;

(g) any Indebtedness approved by Lender prior to the Closing Date as shown on Schedule 6.1; and

(h) extensions, refinancings, modifications, amendments and restatements of any items of (a)

through (g) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower.

6.2 Liens. Create, incur, assume or permit to exist any Lien, or grant any other Person a negative pledge, on any of Borrower's property, except Permitted Liens. Borrower and Lender agree that this covenant is not intended to constitute a lien, deed of trust, equitable mortgage, or security interest of any kind on any of Borrower's real property, and this Agreement shall not be recorded or recordable. Notwithstanding the foregoing, however, violation of this covenant by Borrower shall constitute an Event of Default. Without limiting the generality of the foregoing, and as a material inducement to Lender's entering into the Loan Documents, Borrower agrees that (i) it shall not assign, mortgage, pledge, grant a security interest in, or encumber any of Borrower's Intellectual Property, and (ii) it shall not permit the inclusion into any agreement, document, instrument or other arrangement with any Person (except with or in favor of Lender) which directly or indirectly prohibits or has the effect of prohibiting Borrower from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's Intellectual Property, except as is otherwise permitted in Section 6.5(i) of this Agreement, or would otherwise be a "Permitted Lien" hereunder.

6.3 Dividends. Except after a Qualified Public Offering, pay any dividends or purchase, redeem or otherwise acquire or make any other distribution with respect to any of Borrower's capital stock, except (a) dividends or other distributions solely of capital stock of Borrower, and (b) so long as no Event of Default has occurred and is continuing, repurchases of stock from employees, directors or consultants upon termination of employment under reverse vesting or similar repurchase plans not to exceed \$100,000 in any calendar year.

6.4 Changes/Mergers. Liquidate or dissolve; or enter into any consolidation, merger or other combination in which the stockholders of the Borrower immediately prior to the first such transaction own less than 50% of the voting stock of the Borrower immediately after giving effect to such transaction or related series of such transactions, except that Borrower may consolidate or merge so long as: (A) the entity that results from such merger or consolidation (the "Surviving Entity") shall have executed and delivered to Lender an agreement in form and substance reasonably satisfactory to Lender, containing

an assumption by the Surviving Entity of the due and punctual payment and performance of all Obligations and performance and observance of each covenant and condition of Borrower in the Loan Documents; (B) all such obligations of the Surviving Entity to Lender shall be guaranteed by any entity that directly or indirectly owns or controls more than 50% of the voting stock of the Surviving Entity; (C) immediately after giving effect to such merger or consolidation, no Event of Default or, event which with the lapse of time or giving of notice or both, would result in an Event of Default shall have occurred and be continuing; and (D) the credit risk to Lender, in its sole discretion, of the Surviving Entity shall not be increased. In determining whether the proposed merger or consolidation would result in an increased credit risk, Lender may consider, among other things, changes in Borrower's management team, employee base, access to equity markets, venture capital support, financial position and/or disposition of intellectual property rights which may reasonably be anticipated as a result of the transaction. Notwithstanding anything to the contrary contained herein, a Subsidiary may merge or consolidate into another Subsidiary or into Borrower so long as Borrower is the Surviving Entity.

6.5 Sales of Assets. Sell, transfer, lease, license or otherwise dispose of (a "Transfer") any of Borrower's assets except (i) non-exclusive licenses of Intellectual Property in the ordinary course of business consistent with industry practice, provided that such licenses of Intellectual Property neither result in a legal transfer of title of the licensed Intellectual Property nor have the same effect as a sale of such Intellectual Property; (ii) Transfers of worn-out, obsolete or surplus property (each as determined by the Borrower in its reasonable judgment); (iii) Transfers of Inventory in the ordinary course of business; (iv) Transfers constituting Permitted Liens; (v) Transfers permitted in Section 6.6 hereunder; and (vi) Transfers of Collateral (other than Intellectual Property) for fair consideration and in the ordinary course of its business.

6.6 Loans/Investments. Make or suffer to exist any loans, guaranties, advances, or investments, except:

(a) accounts receivable in the ordinary course of Borrower's business;

(b) investments in domestic certificates of deposit issued by, and other domestic investments with, financial institutions organized under the laws of the United States or a state thereof, having at least One Hundred Million Dollars (\$100,000,000) in capital and

a rating of at least "investment grade" or "A" by Moody's or any successor rating agency;

(c) investments in marketable obligations of the United States of America and in open market commercial paper given the highest credit rating by a national credit agency and maturing not more than one year from the creation thereof;

(d) any investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Borrower's Board of Directors;

(e) temporary advances to cover incidental expenses to be incurred in the ordinary course of business;

(f) investments in joint ventures, strategic alliances, licensing and similar arrangements customary in Borrower's industry and which do not require Borrower to assume or otherwise become liable for the obligations of any third party not directly related to or arising out of such arrangement or, without the prior written consent of Lender, require Borrower to transfer ownership of non-cash assets to such joint venture or other entity;

(g) investments in wholly-owned subsidiaries of the Borrower; and

(h) other investments in an aggregate amount not to exceed \$100,000 in any calendar year.

6.7 Transactions With Related Persons. Directly or indirectly enter into any transaction with or for the benefit of a Related Person on terms more favorable to the Related Person than would have been obtainable in an "arms' length" dealing, other than sales of equity securities to existing investors in Borrower for capital-raising purposes.

6.8 Other Business. Engage in any material line of business other than the business Borrower conducts as of the Closing Date or any business reasonably related thereto.

6.9 Financing Statements and Other Actions. Fail to execute and deliver to Lender all financing statements, notices and other documents from time to time reasonably requested by Lender to maintain a perfected first priority security interest in the Collateral in favor of Lender, subject to Permitted Liens; perform such other acts, and execute and deliver to Lender such

additional conveyances, assignments, agreements and instruments, as Lender may at any time request in connection with the administration and enforcement of this Agreement or Lender's rights, powers and remedies hereunder.

6.10 Compliance. Become an "investment company" or controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Loan for such purpose. Fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur, fail to comply with the Federal Fair Labor Standards Act or violate any law or regulation, which violation could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Lender's Lien on the Collateral, or permit any of its subsidiaries to do any of the foregoing.

6.11 Other Deposit and Securities Accounts. Maintain any deposit accounts or accounts holding securities owned by Borrower except (i) Deposit Accounts and investment/securities accounts as set forth in the Supplement, and (ii) other Deposit Accounts and securities/investment accounts, in each case, with respect to which Borrower and Lender shall have taken such action as Lender reasonably deems necessary to obtain a perfected first priority security interest therein. The provisions of the previous sentence shall not apply to Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees.

6.12 Prepayment of Indebtedness. Prepay, redeem or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness (other than the Loans). Notwithstanding the foregoing, Lender agrees that the conversion or exchange into Borrower's equity securities of any Indebtedness (other than the Loans) shall not be prohibited by this Section 6.12.

6.13 Repayment of Subordinated Debt. Repay, prepay, redeem or otherwise satisfy in any manner any Subordinated Debt, except in accordance with the terms of any subordination agreement among Borrower, Lender and the holder(s) of such Subordinated Debt. Notwithstanding the foregoing, Lender agrees that the conversion or exchange into

Borrower's equity securities of any Subordinated Debt and the payment of cash in lieu of fractional shares shall not be prohibited by this Section 6.13.

6.14 Subsidiaries.

(a) Sell, transfer, encumber or otherwise dispose of Borrower's ownership interest in any Subsidiary other than Permitted Liens.

(b) Cause or permit a Subsidiary to do any of the following: (i) grant Liens on such Subsidiary's assets, except for Liens that would constitute Permitted Liens if incurred by Borrower and Liens on any property held or acquired by such Subsidiary in the ordinary course of its business securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that such Lien attaches solely to the property acquired with such Indebtedness and the proceeds thereof and that the principal amount of such Indebtedness does not exceed one hundred percent (100%) of the cost of such property; and (ii) issue any additional Shares.

6.15 Leases. Except for (i) personal property leases entered into in the ordinary course of Borrower's business involving aggregate annual payments of less than \$100,000 per fiscal year and (ii) personal property leases constituting Indebtedness (which are restricted pursuant to Section 6.1), create, incur, assume, or suffer to exist any obligation as lessee for the rental or hire of any personal property.

ARTICLE 7 - EVENTS OF DEFAULT

7.1 Events of Default; Acceleration. Upon the occurrence and during the continuation of any Default, the obligation of Lender to make any additional Loan shall be suspended. The occurrence of any of the following (each, an "Event of Default") shall terminate any obligation of Lender to make any additional Loan; and shall, at the option of Lender (1) make all sums of Basic Interest and principal, and any Obligations and other amounts owing under any Loan Documents immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands, and (2) give Lender the right to exercise any other right or remedy provided by contract or applicable law:

(a) Borrower shall fail to pay any principal, or interest under this Agreement or any Note, or fail to pay any fees or other charges when due under any Loan

Document, and such failure continues for three (3) Business Days or more after the same first becomes due; or an Event of Default as defined in any other Loan Document shall have occurred.

(b) Any representation or warranty made, or financial statement, certificate or other document provided, by Borrower under any Loan Document shall prove to have been false or misleading in any material respect when made or deemed made herein.

(c) (i) Borrower shall fail to pay its debts generally as they become due; or (ii) Borrower shall commence any Insolvency Proceeding with respect to itself, an involuntary Insolvency Proceeding shall be filed against Borrower, or a custodian, receiver, trustee, assignee for the benefit of creditors, or other similar official, shall be appointed to take possession, custody or control of the properties of Borrower, and such involuntary Insolvency Proceeding, petition or appointment is acquiesced to by Borrower or is not dismissed within forty five (45) days; or the dissolution, winding up, or termination of the business or cessation of operations of Borrower (including any transaction or series of related transactions deemed to be a liquidation, dissolution or winding up of Borrower pursuant to the provisions of Borrower's charter documents); or Borrower shall take any corporate action for the purpose of effecting, approving, or consenting to any of the foregoing.

(d) Borrower shall be in default beyond any applicable period of grace or cure under any other agreement involving the borrowing of money, the purchase of property, the advance of credit or any other monetary liability of any kind to Lender or to any Person which results in the acceleration of payment of such obligation in an amount in excess of the Threshold Amount.

(e) Any governmental or regulatory authority shall take any judicial or administrative action, or any defined benefit pension plan maintained by Borrower shall have any unfunded liabilities, any of which, in the reasonable judgment of Lender, could reasonably be expected to have a Material Adverse Effect.

(f) Any sale, transfer or other disposition of all or substantially all of the assets of Borrower, including without limitation to any trust or similar entity, shall occur.

(g) Any judgment(s) singly or in the aggregate in excess of the Threshold Amount shall be entered against Borrower which is not fully covered by

insurance and which remains unsatisfied, unvacated or unstayed pending appeal for ten (10) or more days after entry thereof.

(h) At any time prior to the initial sale of Borrower's equity securities to the public pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "Securities Act"), any Person or two or more Persons (other than any "Excluded Person" as defined below) acting in concert shall have acquired (in a single transaction or series of related transactions) beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission) of outstanding shares of voting stock of Borrower representing fifty percent (50%) or more of the voting power of all shares of Borrower's voting stock that are outstanding immediately after such acquisition. As used in this paragraph, "Excluded Person" means: (i) any Person who is a stockholder of Borrower as of the Closing Date; (ii) a venture capital firm or similar investment fund or institution; or (iii) an affiliate of any Person described in clause (i) or (ii).

(i) Borrower shall fail to perform or observe any covenant contained in Article 6 of this Agreement.

(j) Borrower shall fail to perform or observe any covenant contained in Article 5 or elsewhere in this Agreement or any other Loan Document (other than a covenant which is dealt with specifically elsewhere in this Article 7) and, if capable of being cured, the breach of such covenant is not cured within 30 days after the sooner to occur of Borrower's receipt of notice of such breach from Lender or the date on which such breach first becomes known to any officer of Borrower; provided, however that if such breach is not capable of being cured within such 30-day period and Borrower timely notifies Lender of such fact and Borrower diligently pursues such cure, then the cure period shall be extended to the date requested in Borrower's notice but in no event more than 90 days from the initial breach; provided, further, that such additional 60-day opportunity to cure shall not apply in the case of any failure to perform or observe any covenant which has been the subject of a prior failure within the preceding 180 days or which is a willful and knowing breach by Borrower.

7.2 Remedies Upon Default. Upon the occurrence and during the continuance of an Event of Default, Lender shall be entitled to, at its option, exercise any or all of the rights and remedies available to a secured party under the UCC or any other applicable law, and exercise any or all of its rights and remedies provided for in this Agreement and in any

other Loan Document. The obligations of Borrower under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Obligations is rescinded or must otherwise be returned by Lender upon, on account of, or in connection with, the insolvency, bankruptcy or reorganization of Borrower or otherwise, all as though such payment had not been made.

7.3 Sale of Collateral. Upon the occurrence and during the continuance of an Event of Default, Lender may sell all or any part of the Collateral, at public or private sales, to itself, a wholesaler, retailer or investor, for cash, upon credit or for future delivery, and at such price or prices as Lender may deem commercially reasonable. To the extent permitted by law, Borrower hereby specifically waives all rights of redemption and any rights of stay or appraisal which it has or may have under any applicable law in effect from time to time. Any such public or private sales shall be held at such times and at such place(s) as Lender may determine. In case of the sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Lender until the selling price is paid by the purchaser, but Lender shall not incur any liability in case of the failure of such purchaser to pay for the Collateral and, in case of any such failure, such Collateral may be resold. Lender may, instead of exercising its power of sale, proceed to enforce its security interest in the Collateral by seeking a judgment or decree of a court of competent jurisdiction. Without limiting the generality of the foregoing, if an Event of Default is in effect,

(1) If, at any time when Lender shall determine to exercise its right to sell the whole or any part of the Shares hereunder, such Shares or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act (or any similar statute), then Lender may, in its discretion (subject only to applicable requirements of law), sell such Shares or part thereof by private sale in such manner and under such circumstances as Lender may deem necessary or advisable, but subject to the other requirements of this Article 7, and shall not be required to effect such registration or to cause the same to be effected. Without limiting the generality of the foregoing, in any such event, Lender in its discretion may (i) in accordance with applicable securities laws proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Shares or part thereof could be or shall have been filed under the Securities Act (or similar statute), (ii) approach and negotiate with a single possible purchaser to effect such sale,

and (iii) restrict such sale to a purchaser who is an accredited investor under the Securities Act and who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Shares or any part thereof. In addition to a private sale as provided above in this Article 7, if any of the Shares shall not be freely distributable to the public without registration under the Securities Act (or similar statute) at the time of any proposed sale pursuant to this Article 7, then Lender shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions:

(A) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale;

(B) as to the content of legends to be placed upon any certificates representing the Shares sold in such sale, including restrictions on future transfer thereof;

(C) as to the representations required to be made by each Person bidding or purchasing at such sale relating to such Person's access to financial information about Borrower or any of its Subsidiaries and such Person's intentions as to the holding of the Shares so sold for investment for its own account and not with a view to the distribution thereof; and

(D) as to such other matters as Lender may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Bankruptcy Code and other laws affecting the enforcement of creditors' rights and the Securities Act and all applicable state securities laws.

(2) Borrower recognizes that Lender may be unable to effect a public sale of any or all the Shares and may be compelled to resort to one or more private sales thereof in accordance with clause (1) above. Borrower also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have

been made in a commercially unreasonable manner solely by virtue of such sale being private. Lender shall be under no obligation to delay a sale of any of the Shares for the period of time necessary to permit the applicable Subsidiary to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if Borrower and/or the Subsidiary would agree to do so.

7.4 Borrower's Obligations Upon Default.

Upon the request of Lender after the occurrence and during the continuance of an Event of Default, Borrower will:

(a) Assemble and make available to Lender the Collateral at such place(s) as Lender shall reasonably designate, segregating all Collateral so that each item is capable of identification; and

(b) Subject to the rights of any lessor, permit Lender, by Lender's officers, employees, agents and representatives, to enter any premises where any Collateral is located, to take possession of the Collateral, to complete the processing, manufacture or repair of any Collateral, and to remove the Collateral, or to conduct any public or private sale of the Collateral, all without any liability of Lender for rent or other compensation for the use of Borrower's premises.

7.5 Control Agreements. Lender agrees that it shall not deliver a notice of exclusive control, or any similar notice, to any depository bank or securities intermediary pursuant to a control agreement among Borrower, Lender, and such depository bank or securities intermediary unless an Event of Default has occurred and is continuing.

ARTICLE 8 - SPECIAL COLLATERAL PROVISIONS

8.1 Compromise and Collection. Borrower and Lender recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Rights to Payment; that certain of the Rights to Payment may be or become uncollectible in whole or in part; and that the expense and probability of success of litigating a disputed Right to Payment may exceed the amount that reasonably may be expected to be recovered with respect to such Right to Payment. Borrower hereby authorizes Lender, after and during the continuance of an Event of Default, to compromise with the obligor, accept in full payment of any Right to Payment such amount as Lender shall negotiate with the obligor, or abandon any Right to

Payment. Any such action by Lender shall be considered commercially reasonable so long as Lender acts in good faith based on information known to it at the time it takes any such action.

8.2 Performance of Borrower's Obligations.

Without having any obligation to do so, upon reasonable prior notice to Borrower, Lender may perform or pay any obligation which Borrower has agreed to perform or pay under this Agreement, including, without limitation, the payment or discharge of taxes or Liens levied or placed on or threatened against the Collateral. In so performing or paying, Lender shall determine the action to be taken and the amount necessary to discharge such obligations. Borrower shall reimburse Lender on demand for any amounts paid by Lender pursuant to this Section, which amounts shall constitute Obligations secured by the Collateral and shall bear interest from the date of demand at the Default Rate.

8.3 Power of Attorney. For the purpose of protecting and preserving the Collateral and Lender's rights under this Agreement, Borrower hereby irrevocably appoints Lender, with full power of substitution, as its attorney-in-fact with full power and authority, after the occurrence and during the continuance of an Event of Default, to do any act which Borrower is obligated to do hereunder; to exercise such rights with respect to the Collateral as Borrower might exercise; to use such Inventory, Equipment, Fixtures or other property as Borrower might use; to enter Borrower's premises; to give notice of Lender's security interest in, and to collect the Collateral; and before or after Default, to execute and file in Borrower's name any financing statements, amendments and continuation statements, account control agreements or other Security Documents necessary or desirable to create, maintain, perfect or continue the perfection of Lender's security interests in the Collateral. Borrower hereby ratifies all that Lender shall lawfully do or cause to be done by virtue of this appointment.

8.4 Authorization for Lender to Take Certain Action. The power of attorney created in Section 8.3 is a power coupled with an interest and shall be irrevocable. The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Lender to exercise such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Lender or any of its directors, officers, employees, agents or representatives be responsible to Borrower

for any act or failure to act, except for gross negligence or willful misconduct. After the occurrence and during the continuance of an Event of Default, Lender may exercise this power of attorney without notice to or assent of Borrower, in the name of Borrower, or in Lender's own name, from time to time in Lender's sole discretion and at Borrower's expense. To further carry out the terms of this Agreement, after the occurrence and during the continuance of an Event of Default, Lender may:

(a) Execute any statements or documents or take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting Collateral, or constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral.

(b) Sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit relating to Collateral; assignments, verifications and notices in connection with Accounts; or any other documents relating to the Collateral, including without limitation the Records.

(c) Use or operate Collateral or any other property of Borrower for the purpose of preserving or liquidating Collateral.

(d) File any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Lender for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral.

(e) Commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Lender for the purpose of protecting or collecting the Collateral. In furtherance of this right, upon the occurrence and during the continuance of an Event of Default, Lender may apply for the appointment of a receiver or similar official to operate Borrower's business.

(f) Prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and apply such amounts at Lender's sole discretion, toward repayment of the Obligations or replacement of the Collateral.

8.5 Application of Proceeds. Any Proceeds and other monies or property received by Lender pursuant to the terms of this Agreement or any Loan Document may be applied by Lender first to the payment of expenses of collection, including without limitation reasonable attorneys' fees, and then to the payment of the Obligations in such order of application as Lender may elect.

8.6 Deficiency. If the Proceeds of any disposition of the Collateral are insufficient to cover all costs and expenses of such sale and the payment in full of all the Obligations, plus all other sums required to be expended or distributed by Lender, then Borrower shall be liable for any such deficiency.

8.7 Lender Transfer. Upon the transfer of all or any part of the Obligations, Lender may transfer all or part of the Collateral and shall be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred, and the transferee shall be vested with all the rights and powers of Lender hereunder with respect to such Collateral so transferred, but with respect to any Collateral not so transferred, Lender shall retain all rights and powers hereby given.

8.8 Lender's Duties.

(a) Lender shall use reasonable care in the custody and preservation of any Collateral in its possession. Without limitation on other conduct which may be considered the exercise of reasonable care, Lender shall be deemed to have exercised reasonable care in the custody and preservation of such Collateral if such Collateral is accorded treatment substantially equal to that which Lender accords its own property, it being understood that Lender shall not have any responsibility for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, declining value, tenders or other matters relative to any Collateral, regardless of whether Lender has or is deemed to have knowledge of such matters; or taking any necessary steps to preserve any rights against any Person with respect to any Collateral. Under no circumstances shall Lender be responsible for any injury or loss to the Collateral, or any part thereof, arising from any cause beyond the reasonable control of Lender.

(b) Lender may at any time deliver the Collateral or any part thereof to Borrower and the receipt of Borrower shall be a complete and full acquittance for the Collateral so delivered, and Lender shall thereafter

be discharged from any liability or responsibility therefor.

(c) Neither Lender, nor any of its directors, officers, employees, agents, attorneys or any other person affiliated with or representing Lender shall be liable for any claims, demands, losses or damages, of any kind whatsoever, made, claimed, incurred or suffered by Borrower or any other party through the ordinary negligence of Lender, or any of its directors, officers, employees, agents, attorneys or any other person affiliated with or representing Lender.

8.9 Termination of Security Interests. Upon the payment in full of the Obligations (other than inchoate indemnity obligations) and satisfaction of all Borrower's Obligations (other than inchoate indemnity obligations) under this Agreement and the other Loan Documents, and if Lender has no further obligations under its Commitment, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Borrower. Upon any such termination, the Lender shall, at Borrower's expense, execute and deliver to Borrower such documents as Borrower shall reasonably request to evidence such termination.

ARTICLE 9 - GENERAL PROVISIONS

9.1 Notices. Any notice given by any party under any Loan Document shall be in writing and personally delivered, sent by overnight courier, or United States mail, postage prepaid, or sent by facsimile, or other authenticated message, charges prepaid, to the other party's or parties' addresses shown on the Supplement. Each party may change the address or facsimile number to which notices, requests and other communications are to be sent by giving written notice of such change to each other party. Notice given by hand delivery shall be deemed received on the date delivered; if sent by overnight courier, on the next Business Day after delivery to the courier service; if by first class mail, on the third Business Day after deposit in the U.S. Mail; and if by facsimile, on the date of transmission.

9.2 Binding Effect. The Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns; provided, however, that Borrower may not assign or transfer Borrower's rights or obligations under any Loan Document. Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, Lender's rights and obligations under the Loan Documents. In connection

with any of the foregoing, Lender may disclose all documents and information which Lender now or hereafter may have relating to the Loans, Borrower, or its business. It is the intention of the parties that, as a "venture capital operating company," Venture Lending & Leasing VI, LLC, the parent and sole owner of Lender ("LLC"), shall have the benefit of, and the power to independently exercise, those "management rights" provided to Lender in Section 5.3. To that end, the references to Lender in Sections 4.2(f), 5.1, 5.2, 5.3 and 5.9(a) hereof shall include LLC, and LLC shall have the right to exercise the advisory, inspection, information and other rights given to Lender under those Sections independently of Lender. No amendment or modification of this Agreement shall alter or diminish LLC's rights under the preceding sentence without the consent of LLC.

9.3 No Waiver. Any waiver, consent or approval by Lender of any Event of Default or breach of any provision, condition, or covenant of any Loan Document must be in writing and shall be effective only to the extent set forth in writing. No waiver of any breach or default shall be deemed a waiver of any later breach or default of the same or any other provision of any Loan Document. No failure or delay on the part of Lender in exercising any power, right, or privilege under any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right, or privilege shall preclude any further exercise thereof or the exercise of any other power, right or privilege. Lender has the right at its sole option to continue to accept interest and/or principal payments due under the Loan Documents after default, and such acceptance shall not constitute a waiver of said default or an extension of the maturity of any Loan unless Lender agrees otherwise in writing.

9.4 Rights Cumulative. All rights and remedies existing under the Loan Documents are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

9.5 Unenforceable Provisions. Any provision of any Loan Document executed by Borrower which is prohibited or unenforceable in any jurisdiction, shall be so only as to such jurisdiction and only to the extent of such prohibition or unenforceability, but all the remaining provisions of any such Loan Document shall remain valid and enforceable.

9.6 Accounting Terms. Except as otherwise provided in this Agreement, accounting terms and financial covenants and information shall be determined and prepared in accordance with GAAP.

9.7 Indemnification; Exculpation. Borrower shall pay and protect, defend and indemnify Lender and Lender's employees, officers, directors, shareholders, affiliates, correspondents, agents and representatives (other than Lender, collectively "Agents") against, and hold Lender and each such Agent harmless from, all claims, actions, proceedings, liabilities, damages, losses, expenses (including, without limitation, reasonable attorneys' fees and costs) and other amounts incurred by Lender and each such Agent, arising from (i) the matters contemplated by this Agreement or any other Loan Documents, (ii) any dispute between Borrower and a third party, or (iii) any contention that Borrower has failed to comply with any law, rule, regulation, order or directive applicable to Borrower's business; **provided, however**, that this indemnification shall not apply to any of the foregoing incurred solely as the result of Lender's or any Agent's gross negligence or willful misconduct. This indemnification shall survive the payment and satisfaction of all of Borrower's Obligations to Lender.

9.8 Reimbursement. Borrower shall reimburse Lender for all costs and expenses, including without limitation reasonable attorneys' fees and disbursements expended or incurred by Lender in any arbitration, mediation, judicial reference, legal action or otherwise in connection with (a) the preparation and negotiation of the Loan Documents, (b) the amendment and enforcement of the Loan Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to Lender's rights, remedies and obligations under the Loan Documents, (c) collecting any sum which becomes due Lender under any Loan Document, (d) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (e) the protection, preservation or enforcement of any rights of Lender. For the purposes of this section, attorneys' fees shall include, without limitation, fees incurred in connection with the following: (1) contempt proceedings; (2) discovery; (3) any motion, proceeding or other activity of any kind in connection with an Insolvency Proceeding; (4) garnishment, levy, and debtor and third party examinations; and (5) postjudgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment. All of the foregoing costs and expenses shall be payable upon demand by Lender, and if not paid within forty-five (45) days of presentation of invoices shall bear interest at the Default Rate.

9.9 Execution in Counterparts. This Agreement may be executed in any number of

counterparts which, when taken together, shall constitute but one agreement.

9.10 Entire Agreement. The Loan Documents are intended by the parties as the final expression of their agreement and therefore contain the entire agreement between the parties and supersede all prior understandings or agreements concerning the subject matter hereof. This Agreement may be amended only in a writing signed by Borrower and Lender.

9.11 Governing Law and Jurisdiction.

(a) THIS AGREEMENT AND THE LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF BORROWER AND LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF BORROWER AND LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. BORROWER AND LENDER EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

9.12 Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, BORROWER AND LENDER EACH WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN

ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. BORROWER AND LENDER EACH AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEMS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

9.13 Obligations and Restrictions Regarding Confidential Information. In handling any Confidential Information, Lender shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (i) to Lender's subsidiaries or affiliates in connection with their business with Borrower; (ii) to prospective transferees or purchasers of any interest in the Loans (subject to the same confidentiality obligation set forth herein); (iii) as required by law, regulation, subpoena, or other order, (iv) as required in connection with Lender's examination or audit; and (v) as Lender considers appropriate in exercising remedies under this Agreement; and (vi) to Lender's attorneys, accountants and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential).

ARTICLE 10 - DEFINITIONS

The definitions appearing in this Agreement or any Supplement shall be applicable to both the singular and plural forms of the defined terms:

"Account" means any "account," as such term is defined in the UCC, now owned or hereafter acquired

by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all accounts receivable, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to Borrower (including, without limitation, under any trade name, style or division thereof) whether arising out of goods sold or services rendered by Borrower or from any other transaction, whether or not the same involves the sale of goods or services by Borrower (including, without limitation, any such obligation that may be characterized as an account or contract right under the UCC) and all of Borrower's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of Borrower's rights to any goods represented by any of the foregoing (including, without limitation, unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), and all monies due or to become due to Borrower under all purchase orders and contracts for the sale of goods or the performance of services or both by Borrower or in connection with any other transaction (whether or not yet earned by performance on the part of Borrower), now in existence or hereafter occurring, including, without limitation, the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Affiliate" means any Person which directly or indirectly controls, is controlled by, or is under common control with Borrower. "Control," "controlled by" and "under common control with" mean direct or indirect possession of the power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract or otherwise); provided, that control shall be conclusively presumed when any Person or affiliated group directly or indirectly owns five percent (5%) or more of the securities having ordinary voting power for the election of directors of a corporation.

"Agreement" means this Loan and Security Agreement and each Supplement thereto, as each may be amended or supplemented from time to time.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.), as amended.

"Basic Interest" means the fixed rate of interest payable on the outstanding balance of each Loan at the applicable Designated Rate.

"Borrowing Date" means the Business Day on which the proceeds of a Loan are disbursed by Lender.

"Borrowing Request" means a written request from Borrower in substantially the form of Exhibit "B" to the Supplement, requesting the funding of one or more Loans on a particular Borrowing Date.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close.

"CEA Agreement" means that certain Capital Equipment and Assistance Agreement dated _____, 2011 between Borrower and the Redevelopment Agency of the City of San Jose.

"Chattel Paper" means any "chattel paper," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Closing Date" means the date of this Agreement.

"Collateral" means all of Borrower's right, title and interest in and to the following property, whether now owned or hereafter acquired and wherever located: (a) all Receivables; (b) all Equipment; (c) all Fixtures; (d) all General Intangibles (*subject to the exclusion described below with respect to Intellectual Property*); (e) all Inventory; (f) all Investment Property; (g) all Deposit Accounts; (h) all Shares; (i) all other Goods and personal property of Borrower (*subject to the exclusion described below with respect to Intellectual Property*), whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; (j) all Records; and (k) all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing. Notwithstanding the foregoing the term "Collateral" shall not include (i) more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities entitled to vote owned or held of record by Borrower in any Subsidiary that is a controlled foreign corporation (as defined in the Internal Revenue Code); (ii) Intellectual Property; provided, however, that the Collateral shall include all Accounts and General

Intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the Intellectual Property (the **"IP Rights to Payment"**); provided, further, that if at any time while the Obligations are outstanding a judicial authority (including a U.S. Bankruptcy Court) determines that a security interest in the Intellectual Property is necessary to the creation or perfection of Lender's Lien in the IP Rights to Payment, then the Collateral shall automatically, retroactive to the Closing Date, include the Intellectual Property solely to the extent necessary to permit perfection of Lender's security interest in the IP Rights to Payment, and (iii) Eligible Equipment, so long as Borrower's obligations to the Redevelopment Agency of the City of San Jose remain outstanding under the CEA Agreement.

"Commitment" means the obligation of Lender to make Loans to Borrower up to the aggregate principal amount set forth in the Supplement.

"Confidential Information" means any technical or business information that: (i) is disclosed in writing by one party to the other party and is marked "confidential" or "proprietary" at the time of such disclosure; (ii) is disclosed orally by one party to the other party, is identified as "confidential" or "proprietary" at the time of such disclosure, and is summarized in a writing sent by the disclosing party to the receiving party within thirty (30) days after any such disclosure; or (iii) the receiving party knows or has reason to know under the circumstances should be treated as confidential or proprietary; Confidential Information will not include information that: (i) is now or hereafter becomes generally known or available to the public, through no act or omission on the part of the receiving party, (ii) was known by the receiving party prior to receiving such information from the disclosing party and without restriction as to use or disclosure, (iii) is rightfully acquired by the receiving party from a third party who has the right to disclose it and who provides it without restriction as to use or disclosure; or (iv) is independently developed by the receiving party without access to any Confidential Information of the disclosing party.

"Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Copyrights" means all of the following now owned or hereafter acquired by Borrower or in which

Borrower now holds or hereafter acquires any interest: (i) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; (ii) all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (iii) all continuations, renewals or extensions thereof; and (iv) any registrations to be issued under any pending applications.

"Default" means an event which with the giving of notice, passage of time, or both would constitute an Event of Default.

"Default Rate" means eighteen percent (18%) per annum.

"Deposit Accounts" means any "deposit accounts," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Designated Rate" means the rate of interest per annum described in the Supplement as being applicable to an outstanding Loan from time to time.

"Documents" means any "documents," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Eligible Equipment" has the meaning set forth in the CEA Agreement.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authorities, in each case relating to environmental, health, or safety matters.

"Equipment" means any "equipment," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"Event of Default" means any event described in Section 7.1.

"Fixtures" means any "fixtures," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"GAAP" means generally accepted accounting principles and practices consistent with those principles and practices promulgated or adopted by the Financial Accounting Standards Board and the Board of the American Institute of Certified Public Accountants, their respective predecessors and successors. Each accounting term used but not otherwise expressly defined herein shall have the meaning given it by GAAP.

"General Intangibles" means any "general intangibles," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all right, title and interest that Borrower may now or hereafter have in or under any contract, all customer lists, Copyrights, Trademarks, Patents, websites, domain names, and all applications therefor and reissues, extensions, or renewals thereof, other rights to Intellectual Property, interests in partnerships, joint ventures and other business associations, Licenses, permits, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, materials and records, goodwill (including, without limitation, the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License), claims in or under insurance policies, including unearned premiums, uncertificated securities, money, cash or cash equivalents, deposit, checking and other bank accounts, rights to sue for past, present and future infringement of Copyrights, Trademarks and Patents, rights to receive tax refunds and other payments and rights of indemnification.

"Goods" means any "goods," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Indebtedness" of any Person means at any date, without duplication and without regard to whether matured or unmatured, absolute or contingent: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments; (iii) all

obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all obligations of such Person as lessee under capital leases; (v) all obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance, or similar instrument, whether drawn or undrawn; (vi) all obligations of such Person to purchase securities which arise out of or in connection with the sale of the same or substantially similar securities; (vii) all obligations of such Person to purchase, redeem, exchange, convert or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, except to the extent that such obligations remain performable solely at the option of such Person; (viii) all obligations to repurchase assets previously sold (including any obligation to repurchase any accounts or chattel paper under any factoring, receivables purchase, or similar arrangement); (ix) obligations of such Person under interest rate swap, cap, collar or similar hedging arrangements; and (x) all obligations of others of any type described in clause (i) through clause (ix) above guaranteed by such Person.

"Insolvency Proceeding" means with respect to a Person (a) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors with respect to such Person, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of such Person's creditors generally or any substantial portion of its creditors, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code, but in each case, excluding any avoidance or similar action against such Person commenced by an assignee for the benefit of creditors, bankruptcy trustee, debtor in possession, or other representative of another Person or such other Person's estate.

"Instruments" means any "instrument," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Intellectual Property" means all Copyrights, Trademarks, Patents, Licenses, trade secrets, source codes, customer lists, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs,

knowledge, know-how, software, data bases, skill, expertise, experience, processes, models, drawings, materials, records and goodwill associated with the foregoing.

"Inventory" means any "inventory," as such term is defined in the UCC, wherever located, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest, and, in any event, shall include, without limitation, all inventory, goods and other personal property that are held by or on behalf of Borrower for sale or lease or are furnished or are to be furnished under a contract of service or that constitute raw materials, work in process or materials used or consumed or to be used or consumed in Borrower's business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive possession of Borrower or is held by others for Borrower's account, including, without limitation, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all such property that may be in the possession or custody of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other Persons.

"Investment Property" means any "investment property," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Letter of Credit Rights" means any "letter of credit rights," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest, including any right to payment under any letter of credit.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and any renewals or extensions thereof.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a

precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

“Loan” means an extension of credit by Lender under this Agreement.

“Loan Documents” means, individually and collectively, this Loan and Security Agreement, each Supplement, each Note, any security or pledge agreement(s), any Warrants issued by Borrower to Lender (or its designee) in connection with this Agreement, and all other contracts, instruments, addenda and documents executed in connection with this Agreement or the extensions of credit which are the subject of this Agreement.

“Material Adverse Effect” or **“Material Adverse Change”** means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of Borrower; (b) a material impairment of the ability of Borrower to perform under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against Borrower of any Loan Document.

“Note” means a promissory note substantially in the form attached to the Supplement as Exhibit “A”, executed by Borrower evidencing each Loan.

“Obligations” means all debts, obligations and liabilities of Borrower to Lender currently existing or now or hereafter made, incurred or created under, pursuant to or in connection with this Agreement or any other Loan Document (other than any Warrant), whether voluntary or involuntary and however arising or evidenced, whether direct or acquired by Lender by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Borrower may be liable individually or jointly, or whether recovery upon such debt may be or become barred by any statute of limitations or otherwise unenforceable; and all renewals, extensions and modifications thereof; and all attorneys’ fees and costs incurred by Lender in connection with the collection and enforcement thereof as provided for in any Loan Document.

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Patents” means all of the following property now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) all letters patent of, or rights corresponding thereto in, the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in, the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, continuations, continuations-in-part or extensions thereof; (c) all petty patents, divisionals, and patents of addition; and (d) all patents to be issued under any such applications.

“Permitted Lien” means:

(a) involuntary Liens which, in the aggregate, would not have a Material Adverse Effect and which in any event would not exceed, in the aggregate, the Threshold Amount;

(b) Liens for current taxes or other governmental or regulatory assessments which are not delinquent, or which are contested in good faith by the appropriate procedures and for which appropriate reserves are maintained;

(c) security interests on any property held or acquired by Borrower in the ordinary course of business securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that such Lien attaches solely to the property acquired with such Indebtedness and the proceeds thereof and that the principal amount of such Indebtedness does not exceed one hundred percent (100%) of the cost of such property;

(d) Liens in favor of Lender;

(e) bankers’ liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business as long as an account control agreement (or equivalent) for each account in which such deposits are held in a form acceptable to Lender has been executed and delivered to Lender (subject to the last sentence of Section 6.11);

(f) materialmen’s, mechanics’, repairmen’s, employees’ or other like Liens arising in the ordinary course of business and which are not delinquent for

more than 45 days or are being contested in good faith by appropriate proceedings;

(g) any judgment, attachment or similar Lien, unless the judgment it secures has not been discharged or execution thereof effectively stayed and bonded against pending appeal within 30 days of the entry thereof;

(h) licenses or sublicenses of Intellectual Property in accordance with the terms of Section 6.5 hereof;

(i) Liens securing Subordinated Debt;

(j) Liens which have been approved by Lender in writing prior to the Closing Date, as shown on the Schedule 6.2 hereto;

(k) Liens in favor of any depository bank or securities intermediary as described in any deposit account control agreement or securities account control agreement among Borrower, Lender, and such depository bank or securities intermediary;

(l) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds, and other obligations of like nature, in each case, in the ordinary course of business;

(m) 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

(n) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (m) above, but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

"Proceeds" means "proceeds," as such term is defined in the UCC and, in any event, shall include,

without limitation, (a) any and all Accounts, Chattel Paper, Instruments, cash or other forms of money or currency or other proceeds payable to Borrower from time to time in respect of the Collateral, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any of the Collateral, (c) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any Person acting under color of governmental authority), (d) any claim of Borrower against third parties (i) for past, present or future infringement of any Copyright, Patent or Patent License or (ii) for past, present or future infringement or dilution of any Trademark or Trademark License or for injury to the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Qualified Public Offering" means the closing of a firmly underwritten public offering of Borrower's common stock with aggregate proceeds of not less than \$20,000,000 (prior to underwriting expenses and commissions).

"Receivables" means all of Borrower's Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, and letters of credit and Letter of Credit Rights.

"Records" means all Borrower's computer programs, software, hardware, source codes and data processing information, all written documents, books, invoices, ledger sheets, financial information and statements, and all other writings concerning Borrower's business.

"Related Person" means any Affiliate of Borrower, or any officer, employee, director or equity security holder of Borrower or any Affiliate.

"Rights to Payment" means all Borrower's accounts, instruments, contract rights, documents, chattel paper and all other rights to payment, including, without limitation, the Accounts, all negotiable certificates of deposit and all rights to payment under any Patent License, any Trademark License, or any commercial or standby letter of credit.

"Security Documents" means this Loan and Security Agreement, the Supplement hereto, and any and all

account control agreements, collateral assignments, chattel mortgages, financing statements, amendments to any of the foregoing and other documents from time to time executed or filed to create, perfect or maintain the perfection of Lender's Liens on the Collateral.

"Shares" means: (a) one hundred percent (100%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by Borrower in any domestic Subsidiary, and (b) 65% of the issued and outstanding capital stock, membership units or other securities entitled to vote owned or held of record by Borrower in any Subsidiary that is a controlled foreign corporation (as defined in the Internal Revenue Code).

"Subordinated Debt" means Indebtedness (i) approved by Lender in its sole but reasonable discretion; and (ii) where the holder's right to payment of such Indebtedness, the priority of any Lien securing the same, and the rights of the holder thereof to enforce remedies against Borrower following default have been made subordinate to the Liens of Lender and to the prior payment to Lender of the Obligations, either (A) pursuant to a written subordination agreement approved by Lender in its sole but reasonable discretion or (B) on terms otherwise approved by Lender in its sole but reasonable discretion.

"Subsidiary" means any Person a majority of the equity ownership or voting stock of which is at the time owned by Borrower.

"Supplement" means that certain supplement to the Loan and Security Agreement, as the same may be amended or restated from time to time, and any other supplements entered into between Borrower and Lender, as the same may be amended or restated from time to time.

"Supporting Obligations" means any "supporting obligations," as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Termination Date" has the meaning specified in the Supplement.

"Threshold Amount" has the meaning specified in the Supplement.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademarks" means all of the following property now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest: (a) all trademarks, tradenames, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (b) reissues, extensions or renewals thereof.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions. Unless otherwise defined herein, terms that are defined in the UCC and used herein shall have the meanings given to them in the UCC.

[Signature page follows]

[Signature page to Loan and Security Agreement]

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

BORROWER:

C8 MEDISENSORS INC.

By: Robert P. McNamee
Name: ROBERT McNamee
Title: CEO

LENDER:

VENTURE LENDING & LEASING VI, INC.

By: _____
Name: _____
Title: _____

[Schedules to Loan and Security Agreement follow]

[Signature page to Loan and Security Agreement]

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

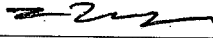
BORROWER:

C8 MEDISENSORS INC.

By: _____
Name: _____
Title: _____

LENDER:

VENTURE LENDING & LEASING VI, INC.

By:  _____
Name: Maurice Werdegar
Title: President and CEO

[Schedules to Loan and Security Agreement follow]

Schedules to
Loan and Security Agreement
dated as of April 11, 2011
between
C8 Medisensors Inc.
and
Venture Lending & Leasing VI, Inc.

Schedule of Exceptions

Schedule 3.7 No Subsidiaries

C8 Medisensors International, Inc., a Canadian corporation, is a wholly owned subsidiary of Borrower. No certificates representing shares in C8 Medisensors International, Inc. have been issued to Borrower.

Schedule 6.1. Permitted Indebtedness

Borrower has incurred Indebtedness to the following individuals:

Paul Zygielbaum \$250,000
Janyce Lipson \$250,000

Schedule 6.2. Permitted Liens

Lien in favor of Wells Fargo Bank on cash collateral of \$200,000 to secure a letter of credit issued by Wells Fargo Bank in favor of SI 33, LLC, Borrower's landlord at its new space located at 3675 San Ignacio, San Jose, CA.

Liens against Eligible Equipment, which have been granted in accordance with the terms of the CEA Agreement in favor of the Redevelopment Agency of the City of San Jose.

SUPPLEMENT
to the
Loan and Security Agreement
dated as of April 11, 2011
between
C8 Medisensors Inc. ("Borrower")
and
Venture Lending & Leasing VI, Inc. ("Lender")

This is a Supplement identified in the document entitled Loan and Security Agreement dated as of April 11, 2011 (as the same may be amended, restated, supplemented and modified from time to time, the "Loan and Security Agreement"), by and between Borrower and Lender. All capitalized terms used in this Supplement and not otherwise defined in this Supplement have the meanings ascribed to them in Article 10 of the Loan and Security Agreement, which is incorporated in its entirety into this Supplement. In the event of any inconsistency between the provisions of the Loan and Security Agreement and this Supplement, this Supplement is controlling.

In addition to the provisions of the Loan and Security Agreement, the parties agree as follows:

Part 1. - Additional Definitions:

"Additional Reserve" means Lender's agreement to reserve from its capital available for funding loan commitments to third party borrowers an amount equal to Two Million Dollars (\$2,000,000) for, subject to Part 2, Section 8 hereof, the purposes of committing at a future date to make, and making Loans pursuant to the Loan and Security Agreement and any other Loan Documents executed and delivered in connection therewith.

"Commitment": Subject to the terms and conditions set forth in the Loan and Security Agreement and this Supplement, Lender commits to make a Growth Capital Loan to Borrower in an original principal amount not to exceed of Two Million Five Hundred Thousand Dollars (\$2,500,000).

"Designated Rate": The Designated Rate for the Growth Capital Loan shall be a fixed rate of interest per annum equal to the Prime Rate as published on the Business Day on which Lender prepares the Note for such Loan, plus 8.75%, provided, that in no event shall the Designated Rate for the Growth Capital Loan be less than 12.00%.

"Growth Capital Loan" means the Loan requested by Borrower and funded by Lender under its Commitment for general corporate purposes of Borrower.

"Interest-Only Rate": The Interest-Only Rate for the Growth Capital Loan shall be a fixed rate of interest per annum equal to 12.50%.

"Loan Commencement Date" means, with respect to the Loan, (i) the first day of the first full calendar month following the Borrowing Date of such Loan if such Borrowing Date is not the first day of a month, or (ii) the same day as the Borrowing Date if the Borrowing Date is the first day of a month.

"Prime Rate" means the "prime rate" of interest, as published from time to time by The Wall Street Journal in the "Money Rates" section of its Western Edition newspaper.

"Termination Date": The Termination Date is the earlier of: (i) the date Lender may terminate its Commitment or extending other credit pursuant to the rights of Lender under Article 7 of the Loan and Security Agreement; and (ii) April 11, 2011.

"Threshold Amount": One Hundred Thousand Dollars (\$100,000).

Part 2. - Additional Covenants and Conditions:

1. Commitment; Funding and Repayment of Growth Capital Loan.

(a) **Funding of Growth Capital Loan.** Subject to the terms and conditions of the Loan and Security Agreement and this Supplement, Lender agrees to make a Growth Capital Loan to Borrower from the Closing Date up to and including the Termination Date in an original principal amount up to but not exceeding its Commitment.

(b) **Repayment of Growth Capital Loan.** Principal of and interest on the Growth Capital Loan shall be payable as set forth in a Note (substantially in the form of Exhibit "A" attached hereto) evidencing such Loan, which Note shall provide substantially as follows: principal and interest at the Designated Rate shall be fully amortized over a period of 30 months in equal, monthly installments commencing after a six (6) month period of interest-only installments at the Interest-Only Rate. In particular, on the Borrowing Date applicable to such Growth Capital Loan, Borrower shall pay to Lender (i) *if the Borrowing Date is earlier than the Loan Commencement Date*, interest only at the Interest-Only Rate, in advance, on the outstanding principal balance of the Growth Capital Loan for the period from the Borrowing Date through the last day of the calendar month in which such Borrowing Date occurs, and (ii) the first interest-only installment at the Interest-Only Rate, in advance, on the outstanding principal balance of the Note evidencing such Loan for the ensuing month. On the first day of each of the second, third, fourth, fifth and sixth full months after the Borrowing Date, Borrower shall pay to Lender interest at the Interest-Only Rate, in advance, on the outstanding principal balance of the Note evidencing such Loan for the ensuing month. Commencing on the first day of the seventh full month after the Borrowing Date, and continuing on the first day of each consecutive calendar month thereafter, Borrower shall pay to Lender principal, plus interest at the Designated Rate, in advance, in thirty (30) equal consecutive monthly installments.

2. Voluntary Prepayment. The Growth Capital Loan may be voluntarily prepaid only as provided in this Section 2. Borrower may voluntarily prepay all, but not less than all, of the Growth Capital Loan in whole, but not in part, at any time by tendering to Lender a cash payment in respect of such Loan in an amount equal to the sum of: (i) the accrued and unpaid interest on such Loan as of the date of prepayment; and (ii) an amount equal to the total amount of all scheduled but unpaid payments that would have accrued and been payable from the date of prepayment through the stated date of maturity of the Loan had it remained outstanding and been paid in accordance with the terms of the related Note.

3. Issuance of Warrant. As additional consideration for the making of its Commitment, Lender has earned and is entitled to receive immediately upon the execution of the Loan and Security Agreement and this Supplement a warrant instrument issued by Borrower, substantially in the form of Exhibit "D" attached hereto (the "**Warrant**"), exercisable for a number of fully paid and nonassessable shares of Borrower's preferred stock of the series set forth therein, at an exercise price per share set forth therein. Borrower acknowledges that Lender has assigned its rights to receive the Warrant to its parent, Venture Lending & Leasing VI, LLC. In connection therewith, Borrower shall issue the Warrant directly to Venture Lending & Leasing VI, LLC. Upon request of Borrower, Lender shall furnish to Borrower a copy of the agreement in which Lender assigned its rights to receive the Warrant to Venture Lending & Leasing VI, LLC.

4. Completion of Due Diligence; Payment and Disposition of Commitment Fee. As an additional condition precedent under Section 4.1 of the Loan and Security Agreement, Lender shall have completed to its satisfaction its due diligence review of Borrower's business and financial condition and prospects, and Lender's investment committee shall have approved its Commitment. If this condition is not satisfied, the \$12,500 commitment fee (the "**Commitment Fee**") previously paid by Borrower shall be refunded. Lender agrees that with respect to the Growth Capital Loan advanced under its Commitment, on the Borrowing Date applicable to such Loan, Lender shall credit against the payments due from Borrower on such date in respect of such Loan an amount

equal to the product of \$12,500 and a fraction the numerator of which is the principal amount of such Loan and the denominator of which is \$2,500,000, provided that the aggregate amount of such credits made by Lender shall not exceed \$12,500. Except as set forth in this Section 4, the Commitment Fee is not refundable.

5. **Documentation Fee Payment.** Pursuant to Section 9.8(a) of the Loan and Security Agreement, Borrower shall pay Lender, on demand, the actual and reasonable costs incurred by Lender in documenting this transaction and perfecting its Liens in the Collateral, which amount shall constitute payment for the total amount of Lender's actual legal fees, costs and expenses incurred in connection with the preparation and negotiation of the Loan Documents.

6. **Borrower's Primary Operating Account and Wire Transfer Instructions:**

Institution Name	Wells Fargo Bank
Address	121 S. Market Street, 2 nd Floor San Jose, CA 95113
ABA No.	121-000-248
Contact Name	Rob Fernandez
Phone No.	408-277-6158
E-mail	robert.c.fernandez@wellsfargo.com
Account Title	C8 Medisensors Inc.
Account No.	412-4810870

7. **Debits to Account for ACH Transfers.** For purposes of Sections 2.2 and 5.10 of the Loan and Security Agreement, the Primary Operating Account shall be the bank account set forth in Section 6 above. Borrower hereby agrees that Loans will be advanced to the account specified above and regularly scheduled payments of principal and interest will be automatically debited from the same account.

8. **Additional Conditions Precedent Regarding Additional Reserve.** Notwithstanding anything to the contrary contained herein or in the other Loan Documents, Lender's obligation to convert its Additional Reserve into a binding commitment to make Loans to Borrower pursuant to the terms of the Loan and Security Agreement and the other Loan Documents is subject to Borrower and Lender having mutually agreed, in writing, to make the Additional Reserve into a binding commitment, in conjunction with (a) Lender's review of Borrower's 2011 plan year-to-date, (b) receipt by Lender of evidence satisfactory to it, as determined by Lender in its reasonable judgment, that Borrower has received gross cash proceeds in an amount to be determined from the sale of shares of Borrower's equity securities, (c) Borrower has filed for CE Mark approval and (d) commencement of inventory build up. The terms of any such commitment (e.g., the termination date) shall be mutually determined at a later date by Lender and Borrower. Lender shall not receive any additional warrant coverage in connection with the Additional Reserve until such time, if any, that it is converted into a binding commitment. In the event the Additional Reserve is converted into a binding commitment, the parties contemplate that Borrower will issue a warrant instrument with 15% coverage.

9. **Acknowledgment Regarding Control Agreements.** As of the Closing Date, Borrower is unable to deliver to Lender deposit account control agreement(s) and securities account control agreement(s) (collectively, "Control Agreements") at the depository institution(s) and/or the securities intermediary(ies) at which Borrower maintains, or intends to maintain, deposit accounts and/or securities accounts as contemplated by Sections 4.1(f), 4.2(e) and 6.11 of the Loan and Security Agreement. In order to facilitate the closing of the transactions contemplated by the Loan and Security Agreement and subject to the last sentence of this Section 9, Lender hereby grants a waiver of the requirements of Section 4.1(f), 4.2(e) and Section 6.11 of the Loan and Security Agreement for thirty (30) days following the Closing Date. The foregoing waiver applies only to the specific instance described, and is not a waiver of any subsequent application of the same provisions of the Loan and Security

Agreement, nor is it a waiver of any other provision of the Loan and Security Agreement. In consideration of the foregoing waiver, Borrower agrees that no later than the date which is 30 days following the Closing Date, Borrower shall deliver or cause to be delivered to Lender the Control Agreements for all deposit accounts and/or securities accounts in which Borrower has any right, title and interest as of such date, subject to the last sentence of Section 6.11 of the Loan and Security Agreement. Borrower agrees that any failure to deliver the Control Agreements in accordance with the terms of this Section 9 shall constitute an Event of Default notwithstanding anything to the contrary in the Loan and Security Agreement.

Part 3. - Additional Representations:

Borrower represents and warrants that as of the Closing Date and each Borrowing Date:

- a) Its chief executive office is located at: 727 University Avenue, Los Gatos, CA 95032, provided, that from and after May 1, 2011, Borrower's chief executive office will be located at: 3675 San Ignacio, San Jose, CA.
- b) Its Equipment is located at: 727 University Avenue, Los Gatos, CA 95032, until May 1, 2011, and thereafter at 3675 San Ignacio, San Jose, CA.
- c) Its Records are located at: 727 University Avenue, Los Gatos, CA 95032, until May 1, 2011, and thereafter at 3675 San Ignacio, San Jose, CA.
- d) Its Inventory is located at: 727 University Avenue, Los Gatos, CA 95032, until May 1, 2011, and thereafter at 3675 San Ignacio, San Jose, CA.
- e) In addition to its chief executive office, Borrower maintains offices or operates its business at the following locations: None
- f) Other than its full corporate name, Borrower has conducted business using the following legal names, trade names or fictitious business names: C8, Inc. (Nevada corporation, founded in 2003 and merged into Borrower in 2005).
- g) Its Delaware state corporation I.D. number is: 4044282.
- h) Its federal tax identification number is: 16-1739446.
- i) Including Borrower's Primary Operating Account identified in Section 6 above, Borrower maintains the following other Deposit Accounts and investment accounts:

Institution Name	Wells Fargo Bank
Address	121 S. Market Street, 2 nd Floor San Jose, CA 95113
ABA No.	121-000-248
Contact Name	Rob Fernandez
Phone No.	408-277-6158
E-mail	robert.c.fernandez@wellsfargo.com
Account Title	C8 Medisensors Inc.
Account No.	377-6147559
Account No.	377-6147468
Account No.	412-4810870

Account No.	28842383 (Cash Collateral Account)
-------------	------------------------------------

Institution Name	Morgan Stanley
Address	3558 Round Barn Blvd. Suites 112 & 201 Santa Rosa, CA 95403
ABA No.	021-000-089 (Citibank)
Contact Name	Beth Wyatt
Phone No.	707-524-1008
E-mail	beth.wyatt@morganstanleysmithbarney.com
Account Title	C8 Medisensors Inc.
Account No.	122-029586-400

Institution Name	Morgan Stanley
Address	555 California Street Suite 2200, 14 th Floor San Francisco, CA 94104
ABA No.	021-000-089 (Citibank) Acct Name: Morgan Stanley Acct # 38890774
Contact Name	Anne Green
Phone No.	415-576-2017
E-mail	anne.green@morganstanleypwm.com
Account Title	C8 Medisensors Inc.
Account No.	14-78K6E

Part 4. - Additional Loan Documents:

Form of Note	Exhibit "A"
Form of Borrowing Request	Exhibit "B"
Form of Compliance Certificate	Exhibit "C"
Form of Warrants	Exhibit "D"
Form of Landlord Waiver	Exhibit "E"
Form of Legal Opinion	Exhibit "F"

Remainder of this page intentionally left blank; signature page follows

[Signature page to Supplement]

IN WITNESS WHEREOF, the parties have executed this Supplement as of the date first above written.

BORROWER:

C8 MEDISENSORS INC

By: Robert P. McNamee
Name: ROBERT MCNAMEE
Title: CEO

Address for Notices:

Attn: _____
Fax # _____
Phone # _____

LENDER:

VENTURE LENDING & LEASING VI, INC.

By: _____
Name: _____
Title: _____

Address for Notices:

2010 North First Street, Suite 310
San Jose, California 95131
Attn: Chief Financial Officer
Fax # 408-436-8625
Phone # 408-436-8577

[Signature page to Supplement]

IN WITNESS WHEREOF, the parties have executed this Supplement as of the date first above written.

BORROWER:

C8 MEDISENSORS INC.

By: _____
Name: _____
Title: _____

Address for Notices:

Attn: _____
Fax # _____
Phone # _____

LENDER:

VENTURE LENDING & LEASING VI, INC.

By: *MW*
Name: Maurice Werdegar
Title: President and CEO

Address for Notices:

2010 North First Street, Suite 310
San Jose, California 95131
Attn: Chief Financial Officer
Fax # 408-436-8625
Phone # 408-436-8577

SUPPLEMENT NO. 2
dated as of February 13, 2012

to the
Loan and Security Agreement
dated as of April 11, 2011
between
C8 Medisensors Inc. ("Borrower")
and
Venture Lending & Leasing VI, Inc. ("Lender")

This Supplement No. 2 ("**Supplement No. 2**") is a Supplement to that certain Loan and Security Agreement, dated as of April 11, 2011 (as the same has been and may be amended, restated, supplemented and modified from time to time, the "**Loan and Security Agreement**"), by and between Borrower and Lender. This Supplement No. 2, together with the Loan and Security Agreement, constitute the agreement made as of February 13, 2012 (the "**Supplement No. 2 Closing Date**"), between Borrower and Lender with respect to the loan commitment from Lender set forth in the definition of "Commitment No. 2" below, separate and apart from the original commitment memorialized in the Loan and Security Agreement, as supplemented by an earlier Supplement, dated as of April 11, 2011, by and between Borrower and Lender (as the same has been and may be amended, modified, supplemented or restated from time to time, "**Supplement No. 1**").

All capitalized terms used in this Supplement No. 2 and not otherwise defined in this Supplement No. 2 have the meanings ascribed to them in Article 10 of the Loan and Security Agreement, which is incorporated in its entirety into this Supplement No. 2. In the event of any inconsistency between the provisions or definitions in the Loan and Security Agreement, on the one hand, and this Supplement No. 2, on the other hand, this Supplement No. 2 is controlling.

Each of Lender and Borrower hereby ratifies and confirms the Loan and Security Agreement and Supplement No. 1 (other than to the extent any provisions thereof are expressly replaced, amended or supplemented by the terms hereof) and in addition to the provisions thereof, the parties agree as follows:

Part 1. - Additional Definitions:

"Commitment No. 2": Subject to the terms and conditions set forth in the Loan and Security Agreement and this Supplement No. 2, Lender commits to make Growth Capital Loans to Borrower in an aggregate original principal amount not to exceed of Nine Million Dollars (\$9,000,000). Commitment No. 2 shall be divided into three (3) tranches in the following amounts: (i) Three Million Five Hundred Thousand Dollars (\$3,500,000), which shall be referred to herein as the "**First Tranche**" of Commitment No. 2; (ii) Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000), which shall be referred to herein as the "**Second Tranche**" of Commitment No. 2; and (iii) Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000), which shall be referred to herein as the "**Third Tranche**" of Commitment No. 2.

"Designated Rate": The Designated Rate for any Growth Capital Loan funded pursuant to this Supplement No. 2 shall be a fixed rate of interest per annum equal to 12.50%.

"Growth Capital Loan" means any Loan requested by Borrower and funded by Lender under its Commitment No. 2 for general corporate purposes of Borrower.

"Loan" or **"Loans"** mean, as the context may require, individually a Growth Capital Loan funded pursuant to this Supplement No. 2, and collectively, the Growth Capital Loans funded pursuant to this Supplement No. 2.

"Loan Commencement Date" means, with respect to a Growth Capital Loan funded pursuant to this Supplement No. 2, (i) the first day of the first full calendar month following the Borrowing Date of such Loan if such Borrowing Date is not the first day of a month, or (ii) the same day as the Borrowing Date if the Borrowing Date is the first day of a month.

"Termination Date": For purposes of funding Growth Capital Loans pursuant to this Supplement No. 2, the Termination Date is the earlier of: (i) the date Lender may terminate its Commitment No. 2 or extending other credit pursuant to the rights of Lender under Article 7 of the Loan and Security Agreement; and (ii)(A) *with respect to the First Tranche of Lender's Commitment No. 2*, February 13, 2012, (B) *with respect to the Second Tranche of Lender's Commitment No. 2*, the date which is thirty (30) days after the date Borrower has received CE Mark approval ("**CE Mark Approval Date**"), provided that such date shall be no later than July 31, 2012, or (C) *with respect to the Third Tranche of Lender's Commitment No. 2*, June 30, 2012.

Part 2. - Additional Covenants and Conditions:

1. Commitment No. 2; Additional Conditions Precedent Regarding Second and Third Tranche, Funding and Repayment of Growth Capital Loans.

(a) **Funding of Growth Capital Loan under First Tranche.** Subject to the terms and conditions of the Loan and Security Agreement and this Supplement No. 2, and receipt by Lender of a Borrowing Request substantially in the form of Exhibit "B" attached hereto, Lender agrees to make a Growth Capital Loan to Borrower from the Supplement No. 2 Closing Date up to and including the applicable Termination Date in an original principal amount up to but not exceeding the First Tranche of Lender's Commitment No. 2.

(b) **Additional Conditions Precedent Regarding Second Tranche.** In addition to the satisfaction of all the other conditions precedent specified in the Loan and Security Agreement and this Supplement No. 2, Lender's obligation to fund the Growth Capital Loan under the Second Tranche of Lender's Commitment No. 2 is subject to receipt by Lender of evidence satisfactory to it, as determined by Lender in its reasonable judgment, that: (i) Borrower has received CE Mark approval; and (ii) the amount of Borrower's customer deposits either (A) equals or exceeds \$1,200,000 if the Borrowing Date is on or before May 31, 2012, or (B) equals or exceeds \$3,000,000 if the Borrowing Date is after May 31, 2012 and on or before June 30, 2012, or (C) equals or exceeds \$5,000,000 if the Borrowing Date is after June 30, 2012 and on or before July 31, 2012. For the avoidance of doubt, Lender's obligation to fund the Growth Capital Loan under the Second Tranche of Lender's Commitment No. 2 is *not* subject to satisfaction of the conditions precedent set forth in Section 1(c) of this Part 2. Subject to the forgoing and the other terms and conditions of the Loan and Security Agreement and this Supplement No. 2, and receipt by Lender of a Borrowing Request substantially in the form of Exhibit "B" attached hereto, Lender agrees to make a Growth Capital Loan to Borrower from and after the date Borrower satisfies the conditions precedent set forth in the previous sentence up to and including the applicable Termination Date in an original principal amount up to but not exceeding the Second Tranche of Lender's Commitment No. 2.

(c) **Additional Conditions Precedent Regarding Third Tranche.** In addition to the satisfaction of all the other conditions precedent specified in the Loan and Security Agreement and this Supplement No. 2, Lender's obligation to fund the Growth Capital Loan under the Third Tranche of Lender's Commitment No. 2 is subject to receipt by Lender of evidence satisfactory to it, as determined by Lender in its reasonable judgment, that: (i) Borrower has achieved 80% of Borrower's January-April 2012 revenue plan (80% x \$10,500,000 = \$8,400,000); (ii) Borrower has achieved not more than 110% of Borrower's January-April 2012 operating expense plan (110% x \$10,918,000 = \$12,009,800); and (iii) not more than 10% of Borrower's products have been returned during the period from January 1, 2012 through April 30, 2012. For the avoidance of doubt, Lender's obligation to fund the Growth Capital Loan under the Third Tranche of Lender's Commitment No. 2 is *not* subject to satisfaction of the conditions precedent set forth in Section 1(b) of this Part 2. Subject to the forgoing and the other terms and conditions of the Loan and Security Agreement and this Supplement No. 2, and receipt by Lender of a Borrowing

Request substantially in the form of Exhibit "B" attached hereto, Lender agrees to make a Growth Capital Loan to Borrower from and after the date Borrower satisfies the conditions precedent set forth in the previous sentence up to and including the applicable Termination Date in an original principal amount up to but not exceeding the Third Tranche of Lender's Commitment No. 2.

(d) **Repayment of Growth Capital Loans.** Principal of and interest on the Growth Capital Loans funded pursuant to this Supplement No. 2 shall be payable as set forth in a Note (substantially in the form of Exhibit "A" attached hereto) evidencing such Loan, which Note shall provide substantially as follows: principal and interest at the Designated Rate shall be fully amortized over a period of 30 months in equal, monthly installments commencing after a six (6) month period of interest-only installments at the Designated Rate. In particular, on the Borrowing Date applicable to each such Growth Capital Loan, Borrower shall pay to Lender (i) *if the Borrowing Date is earlier than the Loan Commencement Date*, interest only at the Designated Rate, in advance, on the outstanding principal balance of the Growth Capital Loan for the period from the Borrowing Date through the last day of the calendar month in which such Borrowing Date occurs, and (ii) the first interest-only installment at the Designated Rate, in advance, on the outstanding principal balance of the Note evidencing such Loan for the ensuing month. On the first day of each of the second, third, fourth, fifth and sixth full months after the Borrowing Date, Borrower shall pay to Lender interest at the Designated Rate, in advance, on the outstanding principal balance of the Note evidencing such Loan for the ensuing month. Commencing on the first day of the seventh full month after the Borrowing Date, and continuing on the first day of each consecutive calendar month thereafter, Borrower shall pay to Lender principal, plus interest at the Designated Rate, in advance, in thirty (30) equal consecutive monthly installments.

2. **Voluntary Prepayment.** The Growth Capital Loans funded pursuant to this Supplement No. 2 may be voluntarily prepaid only as provided in this Section 2. Borrower may voluntarily prepay all, but not less than all, of such Growth Capital Loans in whole, but not in part, at any time by tendering to Lender a cash payment in respect of such Loans in an amount equal to the sum of: (i) the accrued and unpaid interest on such Loans as of the date of prepayment; and (ii) an amount equal to the total amount of all scheduled but unpaid payments that would have accrued and been payable from the date of prepayment through the stated date of maturity of the Loans had they remained outstanding and been paid in accordance with the terms of the related Notes.

3. **Issuance of Warrant.** As additional consideration for the making of its Commitment No. 2, Lender has earned and is entitled to receive immediately upon the execution of this Supplement No. 2 a warrant instrument issued by Borrower, substantially in the form of Exhibit "D" attached hereto (the "Warrant"), exercisable for a number of fully paid and nonassessable shares of Borrower's preferred stock of the series set forth therein, at an exercise price per share set forth therein. Borrower acknowledges that Lender has assigned its rights to receive the Warrant to its parent, Venture Lending & Leasing VI, LLC. In connection therewith, Borrower shall issue the Warrant directly to Venture Lending & Leasing VI, LLC. Upon request of Borrower, Lender shall furnish to Borrower a copy of the agreement in which Lender assigned its rights to receive the Warrant to Venture Lending & Leasing VI, LLC.

4. **Completion of Due Diligence; Payment and Disposition of Commitment Fee.** As an additional condition precedent under Section 13 of Part 2 of this Supplement No. 2, Lender shall have completed to its satisfaction its due diligence review of Borrower's business and financial condition and prospects, and Lender's investment committee shall have approved its Commitment No. 2. If this condition is not satisfied, the \$45,000 commitment fee (the "Commitment Fee") previously paid by Borrower shall be refunded. Lender agrees that with respect to the initial Growth Capital Loan advanced under its Commitment No. 2, on the Borrowing Date applicable to such Loan and each subsequent interest payment date, Lender shall credit against the payments due from Borrower on such date or dates in respect of such Loan an aggregate amount equal to \$45,000. Except as set forth in this Section 4, the Commitment Fee is not refundable.

5. **Documentation Fee Payment.** Borrower shall pay Lender, on demand, the actual and reasonable costs incurred by Lender in documenting this transaction (not to exceed \$10,000 provided that there are no more

than two rounds of revisions to the initial drafts), plus the actual and reasonable legal costs incurred by Lender in perfecting its Liens.

6. **Borrower's Primary Operating Account and Wire Transfer Instructions:**

Institution Name	Wells Fargo Bank
Address	121 S. Market Street, 2 nd Floor San Jose, CA 95113
ABA No.	121-000-248
Contact Name	Rob Fernandez
Phone No.	408-277-6158
E-mail	robert.c.fernandez@wellsfargo.com
Account Title	C8 Medisensors Inc.
Account No.	412-4810870

7. **Debits to Account for ACH Transfers.** For purposes of Sections 2.2 and 5.10 of the Loan and Security Agreement, the Primary Operating Account shall be the bank account set forth in Section 6 above. Borrower hereby agrees that Loans funded pursuant to this Supplement No. 2 will be advanced to the account specified above and regularly scheduled payments of principal and interest will be automatically debited from the same account.

8. **IP Lien upon Reduced Liquidity; Reporting; Release of IP Lien.**

(a) **IP Lien upon Reduced Liquidity.** If at any time in which the aggregate outstanding principal amount of the Loans funded under this Supplement No. 2, together with the Loans funded under Supplement No. 1, is greater than \$1,000,000 and Borrower's Remaining Months Liquidity (hereinafter defined) drops below 5 months, then Borrower agrees that the definition of Collateral in Article 10 of the Loan and Security Agreement shall be amended automatically and immediately, without any further action or writing required by the parties, to read as follows, such that all of Borrower's Intellectual Property then owned and thereafter arising or acquired becomes part of the Collateral for all purposes of the Loan and Security Agreement and the other Loan Documents:

“**Collateral**” means all of Borrower's right, title and interest in and to the following property, whether now owned or hereafter acquired and wherever located: (a) all Receivables; (b) all Equipment; (c) all Fixtures; (d) all General Intangibles; (e) all Inventory; (f) all Investment Property; (g) all Deposit Accounts; (h) all Shares; (i) all other Goods and personal property of Borrower, whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; (j) all Records; and (k) all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing. Notwithstanding the foregoing the term “Collateral” shall not include: (i) more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities entitled to vote owned or held of record by Borrower in any Subsidiary that is a controlled foreign corporation (as defined in the Internal Revenue Code), and (ii) Eligible Equipment, so long as Borrower's obligations to the Redevelopment Agency of the City of San Jose remain outstanding under the CEA Agreement.”

In connection therewith: (i) Lender may file an amendment to any previously filed UCC-1 financing statement, and/or a new UCC-1 financing statement, as applicable, to reflect the broader scope of the Collateral to cover Intellectual Property; and (ii) Borrower shall execute and deliver, at Borrower's sole cost and expense, all

documents and instruments reasonably necessary to perfect such Lien, including an Intellectual Property Security Agreement, substantially in the form of Exhibit "G" attached hereto.

(b) **Reporting.** Borrower agrees that it shall immediately notify Lender if Borrower's Remaining Months Liquidity has dropped below 5 months. Borrower further agrees to include a calculation of Remaining Months Liquidity as part of each Compliance Certificate furnished to Lender pursuant to Section 5.2(c) of the Loan and Security Agreement; provided, however, that the inclusion of any such calculation shall not affect Borrower's obligations pursuant to the previous sentence. "**Remaining Months Liquidity**" means, as of any date of determination, the number of months equal to (x) Unrestricted Cash (hereinafter defined), divided by (y) the sum of (i) Borrower's average monthly operating expenses during the 3 months immediately preceding the date of determination plus (ii) Borrower's average monthly debt repayments (including in respect of the Loans funded pursuant to this Supplement No. 2 and the loan funded pursuant to Supplement No. 1) during the 3 months immediately preceding the date of determination; and "**Unrestricted Cash**" means, as of any date of determination, Borrower's cash on hand (which shall include the proceeds of any Loans) and Cash Equivalents (hereinafter defined) which are not subject to any Liens except Permitted Liens. "**Cash Equivalents**" means, as of any date of determination, the following assets or rights of Borrower: (i) marketable direct obligations issued or unconditionally guaranteed by the United States government having maturities of not more than 12 months from the date of acquisition; and (ii) domestic certificates of deposit and time deposits having maturities of not more than 12 months from the date of acquisition, and overnight bank deposits, in each case issued by a commercial bank organized under the laws of the United States or any state thereof which at the time of acquisition are rated A-1 or better by Standard & Poor's Corporation (or equivalent).

(c) **Release of IP Lien.** If at any time after Lender's Lien includes Intellectual Property Borrower raises sufficient capital to fund Borrower's operations for at least twelve (12) months, then so long as no Event of Default has occurred and is then continuing, Lender agrees upon written request of Borrower that Lender shall release its Lien with respect to that portion of the Collateral consisting of Intellectual Property, and upon such release of Lien the definition of Collateral in Article 10 of the Loan and Security Agreement shall be amended automatically and immediately, without any further action or writing required by the parties, to read as follows:

"**Collateral**" means all of Borrower's right, title and interest in and to the following property, whether now owned or hereafter acquired and wherever located: (a) all Receivables; (b) all Equipment; (c) all Fixtures; (d) all General Intangibles (*subject to the exclusion described below with respect to Intellectual Property*); (e) all Inventory; (f) all Investment Property; (g) all Deposit Accounts; (h) all Shares; (i) all other Goods and personal property of Borrower (*subject to the exclusion described below with respect to Intellectual Property*), whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; (j) all Records; and (k) all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing. Notwithstanding the foregoing the term "Collateral" shall not include (i) more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities entitled to vote owned or held of record by Borrower in any Subsidiary that is a controlled foreign corporation (as defined in the Internal Revenue Code); (ii) Intellectual Property; provided, however, that the Collateral shall include all Accounts and General Intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the Intellectual Property (the "**IP Rights to Payment**"); provided, further, that if at any time while the Obligations are outstanding a judicial authority (including a U.S. Bankruptcy Court) determines that a security interest in the Intellectual Property is necessary to the creation or perfection of Lender's Lien in the IP Rights to Payment, then the Collateral shall automatically, retroactive to the Closing Date, include the Intellectual Property solely to the extent necessary to permit perfection of Lender's security interest in the IP Rights to Payment, and (iii) Eligible Equipment, so long as Borrower's obligations to the Redevelopment Agency of the City of San Jose remain outstanding under the CEA Agreement."

In connection therewith: (i) Lender shall file an amendment to any previously filed UCC-1 financing statement to reflect the release of the Intellectual Property from the scope of the Collateral; and (ii) Lender shall execute and deliver, at Borrower's sole cost and expense, all documents and instruments with the U.S. Patent and Trademark

Office or Copyright Office, as applicable, reasonably necessary to reflect the release of the Lenders' Lien on the Intellectual Property.

9. Forbearance of Exercise of Remedies against Intellectual Property.

(a) Notwithstanding anything to the contrary contained in Article 7 and 8 of the Loan and Security Agreement or elsewhere in the Loan Documents (including any Intellectual Property Security Agreement hereafter executed and delivered by Borrower pursuant to Section 8(a) above), following the occurrence and during the continuance of an Event of Default, other than an Event of Default under Section 7.1(c)(ii) or an Event of Default under Section 7.1(f) of the Loan and Security Agreement, if at such time Lender has a Lien over Borrower's Intellectual Property, Lender agrees to forbear from selling, leasing, licensing or otherwise disposing of any Collateral comprising Intellectual Property ("**Intellectual Property Collateral**") for a period of up to ninety (90) days after the occurrence of such Event of Default (such period being referred to herein as a "**Forbearance Period**"), provided that at all times during the Forbearance Period:

- (i) Borrower shall continue to have a duly constituted and acting board of directors, and executive management fully engaged in Borrower's business;
- (ii) Borrower is able to demonstrate to the reasonable satisfaction of Lender that Borrower is exercising reasonable commercial efforts to consummate a financing or other transaction that will enable it to satisfy and discharge the Obligations;
- (iii) Borrower shall cooperate with Lender in its exercise of rights under Sections 5.3(a)(i), 5.3(b) and 5.9(a) of the Loan and Security Agreement;
- (iv) no Insolvency Proceeding is commenced by or against Borrower; and
- (v) no Person who holds or acquires a Lien on or against all or any material portion of Borrower's Intellectual Property exercises foreclosure or similar remedies against such property.

Subject to paragraph (b) below, upon the non-occurrence of any of the events under clauses (i) through (v) above, the Forbearance Period shall immediately and automatically terminate and Lender may thereupon commence, continue and complete any exercise of its rights and remedies against Intellectual Property Collateral, all as provided in the Loan Documents and under applicable law.

(b) If during the Forbearance Period, Lender proposes or arranges a private or public sale of all or a material portion of the Intellectual Property Collateral (which sale shall not be consummated during the Forbearance Period), Lender shall give notice of such proposed sale to Borrower, including notice of the minimum price to be paid or bid in such sale. If Borrower's Board of Director determines in good faith that the proposed sale would not be commercially reasonable, then Borrower may, within five (5) Business Days of receipt of the initial notice from Lender, deliver a written objection, following which the parties agree to meet promptly and to confer in good faith to resolve any disagreements as to value or the proposed sale. Unless the parties have otherwise agreed as a result of such meet-and-confer, Borrower shall obtain, at its sole expense, within thirty (30) days after the initial notice from Lender, a written appraisal of the orderly liquidation value of the Intellectual Property, prepared by a recognized, independent appraiser with experience evaluating similar types of property (in which event, the 90-day limitation on the Forbearance Period shall be extended if, and only as, necessary to afford Borrower the full thirty (30) days to obtain such appraisal). If such appraisal is not timely delivered, or if the value concluded by the independent appraisal is not more than one hundred ten percent (110%) of the minimum price or bid in any transaction proposed by Lender for the same Intellectual Property Collateral, then Lender may proceed with the proposed transaction (but not sooner than 90 days after the occurrence of an Event of Default unless Borrower approves otherwise) on price terms not materially more favorable to the transferee than originally proposed by

Lender. If the value concluded by the independent appraisal is more than one hundred ten percent (110%) of the minimum price or bid in any transaction proposed by Lender, then the 90-day limitation on the Forbearance Period (as may have been extended for the appraisal as aforesaid) shall be extended and the parties shall cooperate with one another to realize the higher valuation, provided that if the Forbearance Period (as so extended) terminates for any reason other than that set forth in clause (ii) of paragraph (a) above, Lender may thereupon commence, continue and complete any exercise of its rights and remedies against Intellectual Property Collateral, all as provided in the Loan Documents and under applicable law, and in all events, Lender shall be free to enforce such rights and remedies and complete one or more sales or other dispositions of the Intellectual Property Collateral after the earlier of (i) one hundred eighty (180) days after the occurrence of the Event of Default, or (ii) one hundred twenty (120) days after the delivery of the appraisal report to Borrower.

(c) At any time during the Forbearance Period, Lender will discontinue and forbear from enforcing its rights and remedies against the Intellectual Property Collateral (and other items of Collateral) upon tender to Lender by Borrower or by another Person for its account all amounts payable under Section 2 above.

10. Borrower's Representations. Borrower hereby represents and warrants to Lender that: (a) Borrower has full corporate power and authority to execute and deliver this Supplement No. 2, and to perform the obligations of its part to be performed hereunder and under the Loan and Security Agreement, as amended and supplemented hereby; (b) Borrower has taken all necessary action, corporate or otherwise, to authorize the execution and delivery of this Supplement No. 2 and each of the other Loan Documents described herein; (c) no consent or approval of any Person (that has not been obtained), no waiver of any lien or similar right, and no consent, license, approval or authorization of any governmental authority or agency is or will be required in connection with the execution or delivery by Borrower of this Supplement No. 2 and the Warrant, or the performance by Borrower of the Loan and Security Agreement, as amended and supplemented hereby, and this Supplement No. 2; (d) this Supplement No. 2 and the Warrant are, or upon delivery thereof to Lender will be, the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and (e) as of the date hereof, no Default or Event of Default has occurred and is continuing, and the representations and warranties of Borrower contained in Article 3 of the Loan Agreement are true and correct in all material respects.

11. Ratification by Borrower of Liens. Borrower hereby confirms and ratifies Lender's Liens in and to all items of Collateral. Borrower acknowledges and agrees that such Liens shall secure all of the Obligations of Borrower under this Supplement No. 2, Supplement No. 1, the Loan and Security Agreement and the other Loan Documents.

12. Amendment to Supplement No. 1. The form of Compliance Certificate attached as Exhibit "C" to Supplement No. 1 is hereby amended and restated in its entirety by the form of Compliance Certificate attached as Exhibit "C" hereto.

13. Conditions to Effectiveness. This Supplement No. 2 shall not be effective until each of the following conditions precedent has been fulfilled to the satisfaction of Lender:

(a) original counterparts of this Supplement No. 2 and the Warrant shall have been duly executed and delivered to Lender or its counsel;

(b) Lender shall have received a certificate executed by Borrower's secretary or other senior officer, which shall certify that attached thereto are (i) true and correct copies of the resolutions duly adopted by Borrower's Board of Directors, which resolutions have not been modified, amended, or rescinded in any respect and are in full force and effect as of the date hereof, and which resolutions authorize and ratify any actions previously, concurrently, or subsequently taken by Borrower with respect to the execution and performance of this Supplement No. 2 and the matters contemplated herein, (ii) true, correct and complete copies of Borrower's Amended and Restated Certificate of Incorporation and Bylaws, each as amended through the Supplement No. 2 Closing Date, and

(iii) the names of the officer or officers of Borrower authorized to sign this Supplement No. 2 and each of the other Loan Documents described herein, together with a sample of the true signature of each such officer;

(c) Lender shall have received a Certificate Concerning Capitalization, substantially in the form of Exhibit "E" attached hereto, executed by Borrower; and

(d) Lender shall have received a legal opinion of Borrower's counsel, substantially in the form of Exhibit "F" attached hereto.

Part 3. - Additional Representations:

Borrower represents and warrants that as of the Supplement No. 2 Closing Date and each Borrowing Date:

- a) Its chief executive office is located at: 6375 San Ignacio Ave., San Jose, CA 95119.
- b) Its Equipment is located at: 6375 San Ignacio Ave., San Jose, CA 95119.
- c) Its Records are located at: 6375 San Ignacio Ave., San Jose, CA 95119.
- d) Its Inventory is located at: 6375 San Ignacio Ave., San Jose, CA 95119.
- e) In addition to its chief executive office, Borrower maintains offices or operates its business at the following locations: None
- f) Other than its full corporate name, Borrower has conducted business using the following legal names, trade names or fictitious business names: C8, Inc. (Nevada corporation, founded in 2003 and merged into Borrower in 2005).
- g) Its Delaware state corporation I.D. number is: 4044282.
- h) Its federal tax identification number is: 16-1739446.
- i) Including Borrower's Primary Operating Account identified in Section 6 above, Borrower maintains the following other Deposit Accounts and investment accounts:

Institution Name	Wells Fargo Bank
Address	121 S. Market Street, 2 nd Floor San Jose, CA 95113
ABA No.	121-000-248
Contact Name	Rob Fernandez
Phone No.	408-277-6158
E-mail	robert.c.fernandez@wellsfargo.com
Account Title	C8 Medisensors Inc.
Account No.	412-4810870
Account No.	28891810 (Money Market)
Account No.	5321121625 (Time Deposit Account)

Institution Name	Morgan Stanley
Address	3558 Round Barn Blvd. Suites 112 & 201 Santa Rosa, CA 95403
ABA No.	021-000-089 (Citibank)
Contact Name	Beth Wyatt
Phone No.	707-524-1008
E-mail	beth.wyatt@morganstanleysmithbarney.com
Account Title	C8 Medisensors Inc.
Account No.	122-029586-400

Institution Name	Morgan Stanley
Address	555 California Street Suite 2200, 14 th Floor San Francisco, CA 94104
ABA No.	021-000-089 (Citibank) Acct Name: Morgan Stanley Acct # 38890774
Contact Name	Anne Green
Phone No.	415-576-2017
E-mail	anne.green@morganstanleypwm.com
Account Title	C8 Medisensors Inc.
Account No.	14-78K6E

Part 4. - Additional Loan Documents:

Form of Note	Exhibit "A"
Form of Borrowing Request	Exhibit "B"
Form of Compliance Certificate	Exhibit "C"
Form of Warrant	Exhibit "D"
Form of Certificate Concerning Capitalization	Exhibit "E"
Form of Legal Opinion	Exhibit "F"
Form of Intellectual Property Security Agreement	Exhibit "G"

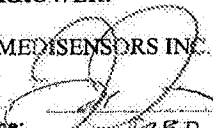
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[Signature page to Supplement No. 2]

IN WITNESS WHEREOF, the parties have executed this Supplement No. 2 as of the date first above written.

BORROWER:

C8 MEDISENSORS INC.

By: 
Name: FRED TONEY
Title: CFO

Address for Notices:

6375 San Ignacio Ave.
San Jose, CA 95119
Attn: FRED TONEY
Fax # 408-622-2034
Phone # 408-622-2050

 ORIGINAL

LENDER:

VENTURE LENDING & LEASING VI, INC.

By: _____
Name: _____
Title: _____

Address for Notices:

104 La Mesa Drive, Suite 102
Portola Valley, California 94028
Attn: Chief Financial Officer
Fax # 650-234-4343
Phone # 650-234-4300

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[Signature page to Supplement No. 2]

IN WITNESS WHEREOF, the parties have executed this Supplement No. 2 as of the date first above written.

BORROWER:

C8 MEDISENSORS INC.

By: _____
Name: _____
Title: _____

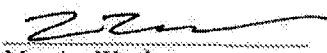
Address for Notices:

6375 San Ignacio Ave.
San Jose, CA 95119
Attn: _____
Fax # _____
Phone # _____

ORIGINAL

LENDER:

VENTURE LENDING & LEASING VI, INC.

By: 
Name: Maurice Werdegar
Title: President and CEO

Address for Notices:

104 La Mesa Drive, Suite 102
Portola Valley, California 94028
Attn: Chief Financial Officer
Fax # 650-234-4343
Phone # 650-234-4300

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