

Form PTO-1594
(Rev. 10/02)
OMB No 0651-0027 (exp. 6/30/2005)
Tab settings

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

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

1. Name of conveying party(ies)

Cayuga Venture Fund II LLC as agent (Delaware)

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

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

3 Nature of conveyance:

- Assignment
- Security Agreement
- Other Release by Assignment & Assumption Agreement
- Merger
- Change of Name

Execution Date: 11/10/2003

2 Name and address of receiving party(ies)

Name: Pentech Financial Services, Inc.

Internal Address

Street Address: 310 West Hamilton Avenue

City: Campbell State: CA Zip: 95008

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State California
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached? Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No. (s) 76/049606

B. Trademark Registration No (s) 2645366

Additional number(s) attached Yes No

5 Name and address of party to whom correspondence concerning document should be mailed:

Name: Richard E. Honen

Internal Address:

Street Address: Honen & Wood, P.C.

126 State Street

City: Albany State: NY Zip: 12207

6. Total number of applications and registrations involved 7

7 Total fee (37 CFR 3.41) \$ 280.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9 Signature.

Richard E. Honen

Name of Person Signing

Signature

12/05/2003

Date

22

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

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

Continuation of Item 1

Arthur Shull
110 Highgate Place
Ithaca, NY 14850

Fred B. Widding
204 North Sunset Drive
Ithaca, NY 14850

Kenneth G. Bartels
38 Close Rd.
Greenwich CT 06831

Philip H. Bartels
52 Druid Lane
Riverside CT 06878

Henry E. Bartels
35 Canterbury Way
North Haven CT 06473-1018

Continuation of Item 4

Trademark Registration Numbers:

2625844

Trademark Application Numbers:

76/049610

76/049671

76/049667

76/244354

**ASSIGNMENT AND ASSUMPTION
of
LOAN AGREEMENTS**

This Assignment and Assumption is made as of November 10, 2003, by and among CAYUGA VENTURE FUND II, LLC, a Delaware limited liability company, as Agent for the Buyers listed on Exhibit "B" hereto (in such agency capacity, the "Buyer"), and VENTURE LENDING & LEASING III, INC. ("VLL3"), a Maryland corporation, VENTURE LENDING & LEASING II, INC. ("VLL2"), a Maryland corporation, Silicon Valley Bank ("SVB"), Third Coast Capital, a Division of DVI Financial Services, Inc. ("TCC"), in its capacity as servicing agent for U.S. Bank having offices in Minnesota ("USB"), GATX VENTURES, Inc. ("GATX"), and Pentech Financial Services, Inc. ("Pentech") (VLL3, VLL2, SVB, USB acting through TCC, GATX, and Pentech to be referred to herein collectively as "Sellers").

Recitals

A. Buyer and Seller are parties to that certain Note Purchase Agreement dated as of November 10, 2003 (the "Purchase Agreement"), pursuant to which each Seller has agreed to sell, assign and transfer to Buyer, and Buyer has agreed to purchase, accept and assume, all of Sellers' rights, title and interests in and to certain secured indebtedness of Calient Networks, Inc. ("Calient") held by Sellers (other than Pentech) arising under a certain Loan Agreement dated as of May 16, 2001, as amended by Amendment No. 1 to Loan Agreement dated February 13, 2002 (collectively with other related documents, the "VLL Agreement"), and held by Pentech under a certain Loan Agreement dated as of May 16, 2001 (collectively with other related documents, the "Pentech Agreement"), including the promissory notes made by Calient (the "Notes") payable to the Sellers to evidence loans advanced under the VLL Agreement and the Pentech Agreement.

B. Pursuant to Section 6 of the Purchase Agreement, each Seller has severally agreed, subject to the conditions precedent set forth therein, to endorse the Notes held by it to Buyer, without recourse to the Seller, and to assign to Buyer all of Seller's rights under the Loan and Security Documents (as defined in the VLL Agreement and the Pentech Agreement) to which such Seller is a party or a beneficiary.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. For good and valuable consideration, the receipt of which is hereby acknowledged, each Seller (other than Pentech) hereby sells, transfers and assigns to Buyer or its assigns all of such Seller's rights, title and interests forever, free and clear of all mortgages or liens, charges or encumbrances created by, through or under such Seller, in and under the VLL Agreement and each other Loan Document (as defined therein) other than the warrants issued by Calient in connection with the VLL Agreement (the "Warrants"), but including, without limitation, the agreements and documents described on Exhibit "A" attached hereto and made a

part hereof, and such Seller hereby delegates to Buyer and it assigns all of Seller's duties and obligations first arising thereunder on or after the date hereof.

2. For good and valuable consideration, the receipt of which is hereby acknowledged, Pentech hereby sells, transfers and assigns to Buyer and its assigns all of Pentech's rights, title and interests forever, free and clear of all mortgages or liens, charges or encumbrances created by, through or under Pentech, in and under the Pentech Agreement and each other Loan Document (as defined therein) other than the Warrant issued by Calient in connection with the Pentech Agreement, but including, without limitation, the agreements and documents described on Exhibit "A" attached hereto and made a part hereof, and Pentech hereby delegates to Buyer and its assigns all of Pentech's duties and obligations thereunder first arising thereunder on or after the date hereof.

3. For good and valuable consideration, the receipt of which is hereby acknowledged, Buyer hereby agrees, for itself and its assigns, to and accepts the assignment and delegation to it by each Seller of such Seller's rights, title and interests in and its duties and obligations under the Loan Documents to which such Seller is a party or beneficiary first arising thereunder on or after the date hereof.

4. Each Seller hereby appoints Buyer the true and lawful attorney of Seller with full power of substitution in the name of Buyer or in the name of Seller but for the benefit and at the expense of Buyer (i) to take all actions which Buyer may deem proper in order to provide for Buyer the benefits under the VLL Agreement, the Pentech Agreement and all Loan Documents (other than the Warrants), including preparing and filing assignments of financing statements and other lien perfection filings or recordings.

5. This Assignment and Assumption of Loan Agreements is executed pursuant to, and is subject to the terms of, the Note Purchase Agreement. This Assignment and Assumption of Loan Agreements shall be effective simultaneously with the effectiveness of all transactions documents being executed in connection with the Note Purchase Agreement. This Assignment and Assumption of Loan Agreements may be simultaneously executed in several counterparts, and via facsimile, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption by their duly authorized officers as of the date first above written.

[signature pages follow]

Date: November __, 2003

BUYER:

CAYUGA VENTURE FUND II, LLC,
in its capacity as Agent

By: AP Management Associates, LLC

By: Technical Transfer Investment Associates,
LLC


By: 
Philip Proujansky, Manager

By: 
David M. Ahlers, Executive Director

Date: November __, 2003

SELLER:


VENTURE LENDING & LEASING III, INC.,
a Maryland corporation

By: 
Name: Ronald W Swanson
Title: CEO

Date: November __, 2003

SELLER:

VENTURE LENDING & LEASING II, INC.,
a Maryland corporation

By: 
Name: Ronald W Swanson
Title: CEO

Date: November __, 2003

SELLER:

SILICON VALLEY BANK

By: _____

45088/0801
RCP/217083.1

Date: November __, 2003

BUYER:

CAYUGA VENTURE FUND II, LLC,
in its capacity as Agent

By: AP Management Associates, LLC

By: Technical Transfer Investment Associates,
LLC

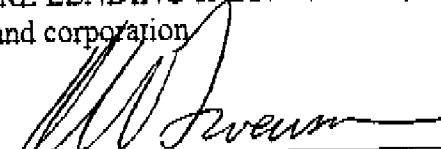
By: _____
Philip Proujansky, Manager

By: _____
David M. Ahlers, Executive Director

Date: November __, 2003

SELLER:

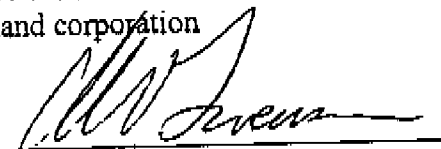
VENTURE LENDING & LEASING III, INC.,
a Maryland corporation

By: 
Name: Ronald W Swenson
Title: CEO

Date: November __, 2003

SELLER:

VENTURE LENDING & LEASING II, INC.,
a Maryland corporation

By: 
Name: Ronald W Swenson
Title: CEO

Date: November __, 2003

SELLER:

SILICON VALLEY BANK

By: _____

Date: November __, 2003

BUYER:

CAYUGA VENTURE FUND II, LLC,
in its capacity as Agent

By: AP Management Associates, LLC

By: Technical Transfer Investment Associates,
LLC

By: _____
Philip Proujansky, Manager

By: _____
David M. Ahlers, Executive Director

Date: November __, 2003

SELLER:

VENTURE LENDING & LEASING III, INC.,
a Maryland corporation

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

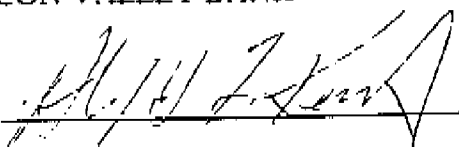
VENTURE LENDING & LEASING II, INC.,
a Maryland corporation

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

SILICON VALLEY BANK

By:  _____

Name: Richard F. K... ..
Title: ...

Date: November __, 2003

SELLER:

THIRD COAST CAPITAL, a Division of DVI
Financial Services, Inc.

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

GATX VENTURES

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

PENTECH FINANCIAL SERVICES, INC.

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

Date: November __, 2003

SELLER:

THIRD COAST CAPITAL, a Division of DVI
Financial Services, Inc., in its individual
capacity and as authorized servicing agent for
U.S. Bank

By: Terry W. Cadz
Name: Terry W. Cadz
Title: VP

Date: November __, 2003

SELLER:

GATX VENTURES

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

PENTECH FINANCIAL SERVICES, INC.

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

Date: November __, 2003

SELLER:

THIRD COAST CAPITAL, a Division of DVI
Financial Services, Inc.

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

GATX VENTURES, INC.

By: Carl F. Swanson
Name: Carl F. Swanson
Title: VP

Date: November __, 2003

SELLER:

PENTECH FINANCIAL SERVICES, INC.

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

Date: November __, 2003

SELLER:

THIRD COAST CAPITAL, a Division of DVI
Financial Services, Inc.

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

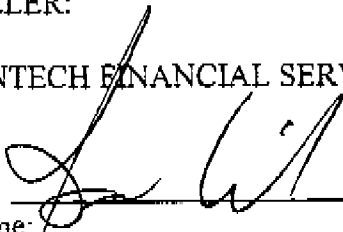
GATX VENTURES

By: _____
Name: _____
Title: _____

Date: November __, 2003

SELLER:

PENTECH FINANCIAL SERVICES, INC.

By: 
Name: _____
Title: **Ben E. Millerbis, CEO**

CONSENT OF CALIENT

The foregoing assignment is acknowledged and consented to by the undersigned, and in consideration of the assumption by Buyer of any and all obligations of Sellers, if any arising after the date hereof, is hereby released from any and all such obligations.

CALIENT NETWORKS, INC.

By: *Andrew D. Hill*
Name: *Andrew D Hill*
Title: *V.P. + General Counsel*

Exhibit "A"

- Loan Agreement dated May 16, 2001, as amended by Amendment No. 1 to Loan Agreement dated February 13, 2002, by and among Calient, VLL3, as agent for the Lenders ("Agent") and Lenders;
- Security Agreement dated May 16, 2001 between Borrower and Agent;
- Intellectual Property Security Agreement dated May 16, 2001 between Borrower and Agent, filed with the U.S. Patent and Trademark Office;
- Continuing Guaranty by Calient Optical Components, Inc. ("Optical") dated February 13, 2003, in favor of Agent for the Lenders;
- Security Agreement dated May 16, 2001, as amended, between and Agent;
- Intellectual Property Security Agreement dated May 16, 2001, between Optical and Agent, as filed with the U.S. Patent and Trademark Office;
- Loan Agreement (Equipment) dated May 16, 2001, by and between Calient and Pentech;
- Security Agreement dated May 16, 2001, between Borrower and Pentech;
- Intellectual Property Security Agreement dated May 16, 2001, between Borrower and Pentech, filed with the U.S. Patent and Trademark Office;
- Security Agreement dated May 16, 2001, between Calient Optical Components, Inc. ("Optical") and Pentech;
- Intellectual Property Security Agreement dated May 16, 2001, between Optical and Pentech, filed with the U.S. Patent and Trademark Office;
- Intercreditor Agreement by and among the Lenders and Pentech Financial Services, Inc.;
- Landlord Waiver for 22 Thornwood Drive, Ithaca, NY (Techfab Facility Associates);
- Landlord Waiver for 22 Thornwood Drive, Ithaca, NY (Park Tech Associates);
- Landlord Waiver for 5853 Rue Ferrari, San Jose, CA;
- Landlord Waiver for 25 Castilian Drive, Goleta, CA;
- Landlord Waiver for 26 Castilian Drive, Goleta, CA; and
- UCC-1 financing statements, including those listed on the following page:

Index of Filing Financing Statements on Form UCC-1

Tab	Level	Filed With	Date Filed	File No.	Search Thru Date
Debtor Parent: Calient Networks, Inc.					
Secured Party: Venture Lending & Leasing III, Inc., as Agent					
1	S	California, Secretary of State	5/23/01	0114460093	6/15/01
2.	S	Delaware, Secretary of State	5/24/01	10477294	6/15/01
Secured Party: Pentech Financial Services, Inc., as Agent					
3.	S	California, Secretary of State	5/23/01	0114460389	see tab 1
4.	S	Delaware, Secretary of State	5/24/01	10477302	see tab 2
Debtor Subsidiary: Calient Optical Components, Inc.					
Secured Party: Venture Lending & Leasing III, Inc., as Agent					
5.	S	Delaware, Secretary of State	5/24/01	10477344	6/15/01
6.	S	New York, Secretary of State	5/24/01	101402	5/30/01
7.	C	New York, County Recorder of Tompkins County	5/31/01	01-00545	6/18/01
Secured Party: Pentech Financial Services, Inc., as Agent					
8.	S	Delaware, Secretary of State	5/24/01	10477377	see tab 5
9.	S	New York, Secretary of State	5/24/01	101397	see tab 6
10.	C	New York, County Recorder of Tompkins County	5/31/01	01-00546	see tab 7

Levels: S = state
 C = county
 T = town or city

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "Agreement") is made as of May 16, 2001, by and between CALIENT NETWORKS, INC., a Delaware corporation ("Grantor"), and PENTECH FINANCIAL SERVICES, INC. ("Secured Party").

RECITALS

A Pursuant to a Loan Agreement of even date herewith (the "Loan Agreement") between Grantor, as borrower, and Secured Party, as lender, Secured Party has agreed to make certain advances of money and to extend certain financial accommodations to Grantor (the "Loans") in the amounts and manner set forth in the Loan Agreement. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Loan Agreement.

B. Secured Party is willing to make the Loans to Grantor, but only upon the condition, among others, that Grantor shall grant to Secured Party, a security interest in substantially all of Grantor's personal property whether presently existing or hereafter acquired. To that end, Grantor has executed in favor of Secured Party a Security Agreement of even date herewith (the "Security Agreement") granting a security interest in all Collateral, and is executing this Agreement with respect to certain items of Intellectual Property, in particular.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Grantor's present or future Obligations, Grantor hereby grants a security interest and mortgage to Secured Party, as security, in and to Grantor's entire right, title and interest in, to and under the following Intellectual Property, now owned or hereafter acquired by Grantor or in which Grantor now holds or hereafter acquires any interest (all of which shall collectively be called the "IP Collateral" for purposes of this Agreement):

(a) Any and all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, and State thereof or any other country; all continuations, renewals, or extensions thereof; and any registrations to be issued under any pending applications, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");

(b) 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; all reissues, continuations, continuations-in-part or extensions thereof, all petty patents, divisionals, and patents of addition; and all patents to be issued under any such applications, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents");

(c) All trademarks, trade names, 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 reissues, extensions or renewals thereof, and the entire goodwill of the business of Grantor connected with and

symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");

(d) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

(e) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;

(f) All amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and

(g) All proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

Notwithstanding the foregoing the term "IP Collateral" shall not include: (a) "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise or (b) any contract, instrument or chattel paper in which Grantor has any right, title or interest if and to the extent such contract, instrument or chattel paper includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of Grantor therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such contract, instrument or chattel paper to enforce any remedy with respect thereto; provided, however, that the foregoing exclusion shall not apply if (i) such prohibition has been waived or such other person has otherwise consented to the creation hereunder of a security interest in such contract, instrument or chattel paper, or (ii) such prohibition would be rendered ineffective pursuant to Section 9-318(4) of the UCC or Sections 9-407(a) or 9-408(a) of Revised Article 9 of the UCC, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the Bankruptcy Code) or principles of equity); provided further that immediately upon the ineffectiveness, lapse or termination of any such provision, the term "IP Collateral" shall include, and Grantor shall be deemed to have granted a security interest in, all its rights, title and interests in and to such contract, instrument or chattel paper as if such provision had never been in effect; and provided further that the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect Secured Party's unconditional continuing security interest in and to all rights, title and interests of Grantor in or to any payment obligations or other rights to receive monies due or to become due under any such contract, instrument or chattel paper and in any such monies and other proceeds of such contract, instrument or chattel paper.

2. Covenants and Warranties. Except as set forth in the Schedule of Exceptions previously delivered to Secured Party, Grantor represents, warrants, covenants and agrees as follows:

(a) During the term of this Agreement, Grantor will not transfer or otherwise encumber any interest in the IP Collateral, except for Non-exclusive licenses granted by Grantor in the ordinary course of business or as set forth in this Agreement or the Loan Agreement;

(b) To its knowledge, each of the Patents is valid and enforceable, and no part of the IP Collateral has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the IP Collateral violates the rights of any third party;

(c) Grantor shall deliver to Secured Party within thirty (30) days of the last day of each fiscal quarter, a report signed by Grantor, in form reasonably acceptable to Secured Party, listing any applications or registrations that Grantor has made or filed in respect of any patents, copyrights or trademarks and the status of any outstanding applications or registrations. Grantor shall promptly advise Secured Party of any material change in the composition of the IP Collateral, including but not limited to

any subsequent ownership right of the Grantor in or to any Trademark, Patent or Copyright not specified in this Agreement;

(d) Grantor shall (i) protect, defend and maintain the validity and enforceability of the Trademarks, Patents and Copyrights (ii) use reasonable commercial efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Secured Party in writing of material infringements detected and (iii) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Secured Party, which consent shall not be unreasonably withheld, except with respect to those Trademarks, Patents and Copyrights that Grantor determines in its sole but reasonable commercial judgment need not be protected, defended or maintained;

(e) Grantor shall apply for registration (to the extent not already registered) with the United States Patent and Trademark Office or the United States Copyright Office, as applicable; (i) those intellectual property rights listed on Exhibits A, B and C hereto within thirty (30) days of the date of this Agreement; and (ii) those additional intellectual property rights developed or acquired by Grantor from time to time in connection with any product or service, prior to the sale or licensing of such product or the rendering of such service to any third party (including without limitation revisions or additions to the intellectual property rights listed on such Exhibits A, B and C), except with respect to such rights that Grantor determines in its sole but reasonable commercial judgment need not be registered to protect its own business interests. Grantor shall, from time to time, execute and file such other instruments, and take such further actions as Secured Party may reasonably request from time to time to perfect or continue the perfection of Secured Party's interest in the IP Collateral. Grantor shall give Secured Party notice of all such applications or registrations; and

(f) Grantor shall not enter into any agreement that would materially impair or conflict with Grantor's obligations hereunder without Secured Party's prior written consent, which consent shall not be unreasonably withheld. Grantor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might reasonably be determined to prevent the creation of a security interest in Grantor's rights and interests in any property included within the definition of the IP Collateral acquired under such contracts.

3. Further Assurances: Attorney in Fact.

(a) For so long as Grantor owes obligations under the Loan Agreement, Grantor will make, execute, acknowledge and deliver, and file and record in the proper filing and recording places in the United States, all such instruments, including appropriate financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and the Register of Copyrights, and take all such action as may reasonably be deemed necessary or advisable, or as requested by Secured Party, to perfect Secured Party's security interest in all Copyrights, Patents and Trademarks and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to Secured Party the grant or perfection of a security interest in all IP Collateral.

(b) For so long as Grantor owes obligations under the Loan Agreement, Grantor hereby irrevocably appoints Secured Party as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including (i) to modify, in its sole discretion, this Agreement without first obtaining Grantor's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C, hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Grantor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Grantor no longer has or claims any right, title or interest, (ii) to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the IP Collateral without the signature of Grantor where permitted by law, and (iii) after the occurrence of an Event of Default, to

transfer the IP Collateral into the name of Secured Party or a third party to the extent permitted under the California Uniform Commercial Code.

4. Events of Default. The occurrence of any of the following shall constitute an Event of Default under this Agreement:

(a) An Event of Default under the Loan Agreement; or

(b) Grantor breaches any warranty or agreement made by Grantor in this Agreement and, as to any breach that is capable of cure, Grantor fails to cure such breach within ten (10) days of the occurrence of such breach.

5. Termination of Security Interest. Upon the payment in full of Grantor's Obligations under the Loan Agreement and if Secured party has no further obligations under its Commitment under the Loan Agreement, the security interest and the power of attorney granted hereby shall terminate and all rights to the IP Collateral shall revert to Grantor. Upon any such termination, Secured Party shall, at Grantor's expense, execute and deliver to Grantor such documents as Grantor shall reasonably request to evidence such termination.

6. Amendments. This Agreement may be amended only by a written instrument signed by both parties hereto, except for amendments permitted under Section 3 hereof to be made by Secured Party alone.

7. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

[Signature Pages Follow]

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

GRANTOR:

Address of Grantor:

CALIENT NETWORKS, INC.

5853 Rue Ferrari
San Jose, CA 95138
Attn: General Counsel

By: [Signature]
Its: VP FINANCE + CFO

SECURED PARTY

Address of Secured Party:

PENTECH FINANCIAL SERVICES, INC.

310 West Hamilton Avenue, Suite 202
Campbell, CA 95008
Attn: President

By: _____
Its: _____

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

GRANTOR:

Address of Grantor:

CALIENT NETWORKS, INC.

5853 Rue Ferrari
San Jose, CA 95138
Attn: _____

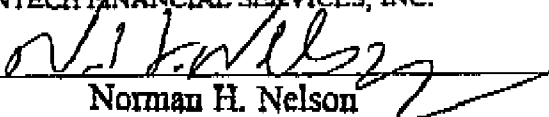
By: _____
Its: _____

SECURED PARTY

Address of Secured Party:

PENTECH FINANCIAL SERVICES, INC.

310 West Hamilton Avenue, Suite 202
Campbell, CA 95008
Attn: President

By: 
Norman H. Nelson
Its: President, COO