

## SECURITY AGREEMENT

This Security Agreement (as amended, modified or otherwise supplemented from time to time, this "Security Agreement"), effective as of August 31, 2007 ("Effective Date"), is executed by Semiquest, Inc., a California corporation (together with its successors and assigns, the "Company"), in favor of 3M Innovative Properties Company, a Delaware corporation ("Secured Party").

### RECITALS

A. Company has executed a subordinated secured convertible promissory note, (as amended, modified or otherwise supplemented from time to time, (the "Note") in an aggregate principal amount of up to \$2,500,000 in favor of Secured Party.

B. In order to induce Secured Party to extend the credit evidenced by the Note, Company has agreed to enter into this Security Agreement and to grant to the Secured Party, the security interest in the Collateral described below.

### AGREEMENT

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

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

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

"Obligations" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Company to Secured Party of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Note, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U.S.C. Section 101 et seq.), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"Permitted Liens" means (a) Liens for taxes not yet delinquent or Liens for taxes being contested in good faith and by appropriate proceedings for which adequate reserves have been established and similar liens arising as a matter of law; (b) Liens in favor of the Secured Party; and (c) non-exclusive licenses or sublicenses.

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

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

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

3. General Representations and Warranties. Company represents and warrants to Secured Party that (a) Company is the owner of the Collateral (or, in the case of after-acquired Collateral, at the time Company acquires rights in the Collateral, will be the owner thereof) and that no other Person has (or, in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) any right, title, claim or interest (by way of Lien or otherwise) in, against or to the Collateral, other than Permitted Liens; and (b) upon the filing of UCC-1 financing statements in the appropriate filing offices, Secured Party has (or in the case of after-acquired Collateral, at the time Company acquires rights therein, will have) a first priority perfected security interest in the Collateral to the extent that a security interest in the Collateral can be perfected by such filing, except for Permitted Liens.

4. Representations and Warranties regarding Intellectual Property. Company represents and warrants to Secured Party that: (a) Company does not own any patents, trademarks, copyrights or mask works registered in, or the subject of pending applications in, the Patent and Trademark Office or the Copyright Office or any similar offices or agencies in any other country or any political subdivision thereof, other than those described on Schedule B hereto; (b) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to the trademarks shown on Schedule B and the goods and services covered by the registrations thereof and, to the extent registered, such registrations are valid and enforceable and in full force and effect; (c) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to each of the patents shown on Schedule B and the registrations thereof are valid and enforceable and in full force and effect; (d) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to each of the copyrights shown on Schedule B and according to the records of the Copyright Office, each of said copyrights is valid and enforceable and in full force and effect; (e) Company has, except for Permitted Liens, the sole, full and unencumbered right, title and interest in and to the mask works shown on Schedule B and according to the records of the Copyright Office, each of said mask works is valid and enforceable and in full force and effect; (f) there is no claim by any third party that any patents, trademarks, copyrights or mask works are invalid and unenforceable or do or may violate the rights of any Person; (g) Company has obtained from each employee who may be considered the inventor of patentable inventions (invented within the scope of such employee's employment) an assignment to Company of all rights to such inventions, including patents; and (h) Company has taken all reasonable steps necessary to protect the secrecy and the validity under applicable law of all material trade secrets.

5. Covenants Relating to Collateral. Company hereby agrees (a) to perform all acts that may be necessary to maintain, preserve, protect and perfect the Collateral, the Lien granted to Secured Party therein and the perfection and priority of such Lien, except for Permitted Liens;

(b) not to use or permit any Collateral to be used (i) in violation in any material respect of any applicable law, rule or regulation, or (ii) in violation of any policy of insurance covering the Collateral; (c) to appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral; (d) if Secured Party gives value to enable Company to acquire rights in or the use of any Collateral, to use such value for such purpose; and (e) not to surrender or lose possession of (other than to Secured Party), sell, encumber, or otherwise dispose of or transfer any Collateral or right or interest therein, and to keep the Collateral free of all Liens except Permitted Liens; provided that Company may sell, transfer, license or otherwise dispose of any of the Collateral consisting of non-exclusive licenses and similar arrangements for the use of the property of Company.

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

7. Default and Remedies.

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

(b) Remedies. Upon the occurrence and during the continuance of any such Event of Default, Secured Party shall have the rights of a secured creditor under the UCC, all rights granted by this Security Agreement and by law. In furtherance of Secured Party's rights hereunder, Company hereby grants to Secured Party an irrevocable, non-exclusive license, exercisable without royalty or other payment by Secured Party, and only in connection with the exercise of remedies

hereunder, to use, license or sublicense any patent, trademark, trade name, copyright or other intellectual property in which Company now or hereafter has any right, title or interest together with the right of access to all media in which any of the foregoing may be recorded or stored.

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

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

(ii) Second, to the payment to Secured Party of the amount then owing or unpaid to Secured Party (to be applied first to accrued interest and second to outstanding principal);

(iii) Third, to the payment of the surplus, if any, to Company, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

8. Miscellaneous.

(a) Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be in writing and faxed, mailed, or delivered to each party as follows: (i) if to Secured Party, at 3M Innovative Properties Co., P.O. Box 33427, Saint Paul, MN 55133, facsimile number \_\_\_\_\_, or at such other address, facsimile number or e-mail address as Secured Party shall have furnished the Company in writing, with a copy to Division Vice President, Electronics Markets Materials Division, 3M Center, Mail Stop 224-3N-11, Maplewood, MN 55144, facsimile number 651-737-1790, ; or (ii) if to the Company, at 2363 Bering Drive, San Jose, CA 95131, facsimile number: (408) 904-7398, Attention: Chief Executive Officer, or at such other address or facsimile number as the Company shall have furnished to Secured Party in writing, with a copy to Mark Baudler, Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304, facsimile number (650) 493-6811. All such notices and communications will be deemed effectively given the earliest of (i) when received, (ii) when delivered personally, (iii) one business day after being delivered by facsimile or e-mail (with receipt of appropriate confirmation), (iv) one business day after being deposited with an overnight courier service of recognized standing or (v) four days after being deposited in the U.S. mail, first class with postage prepaid. Company hereby agrees to provide Secured Party written notice within 30 days after (i) changing its place of business (or, if Company has more than one place of business, its chief executive office), and (ii) changing its state of incorporation.

(b) Termination of Security Interest. Upon the payment in full of all Obligations, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Company. Upon such termination Secured Party hereby authorizes Company to file any UCC termination statements necessary to effect such termination and Secured Party will execute and

deliver to Company any additional documents or instruments as Company shall reasonably request to evidence such termination.

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

(d) Amendments and Waivers. This Security Agreement may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by Company and Secured Party. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

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

(f) Cumulative Rights, etc. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any applicable law, rule or regulation of any governmental authority or any other agreement, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's rights hereunder. Company waives any right to require Secured Party to proceed against any person or entity or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

(g) Payments Free of Taxes, Etc. All payments made by Company under the Note shall be made by Company free and clear of and without deduction for any and all present and future taxes, levies, charges, deductions and withholdings. In addition, Company shall pay upon demand any stamp or other taxes, levies or charges of any jurisdiction with respect to the execution, delivery, registration, performance and enforcement of this Security Agreement. Upon request by Secured Party, Company shall furnish evidence satisfactory to Secured Party that all requisite authorizations and approvals by, and notices to and filings with, governmental authorities and regulatory bodies have been obtained and made and that all requisite taxes, levies and charges have been paid.

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

(i) Construction. This Security Agreement is the result of negotiations among, and has been reviewed by, Company, Secured Party and their respective counsel. Accordingly, this Security Agreement shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against Company or Secured Party.

(j) Entire Agreement. This Security Agreement and the Note constitutes and contain the entire agreement of Company and Secured Party with respect to the matters covered in such documents, and supersede any and all prior agreements, negotiations, correspondence, understandings and communications among the parties, whether written or oral, respecting the subject matter hereof.

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

(l) Governing Law; Dispute Resolution. Any questions, claims, disputes, remedies procedural matters, or lawsuits relating to, arising from, or connected to this Security Agreement shall be brought in the State or Federal courts located in the state of Delaware, and the substantive laws of Delaware shall govern this Agreement. Any process or notice covering a court action may be served by registered mail or by personal service. Disputes arising between the parties relating to the making or performance of this Agreement shall be resolved in the following order: (i) by good faith negotiation between executives of 3M and SemiQuest who have authority to fully and finally resolve the dispute; (ii) if necessary, by non-binding mediation at a location acceptable to the Parties using a neutral mediator having experience with the industry (with the costs therefore shared equally); or (iii) as a last resort only, by litigation. THE PARTIES FURTHER HEREBY CONSENT TO WAIVER OF ANY CONSTITUTIONAL, STATUTORY OR COMMON LAW RIGHT OF TRIAL BY JURY.

(m) Limitation of Liabilities. No party shall under any circumstances be liable for indirect, incidental, special or consequential damages (including, but not limited to, loss of profits, revenue, or business) in any way related to this agreement. This limitation applies regardless of whether such damages are sought based on breach of contract, negligence, or any other legal theory.

(n) Counterparts. This Security Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall be deemed to constitute one instrument.

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

**SEMIQUEST, INC.,**  
a California corporation

By: Stephen Fisher  
Name: Stephen Fisher  
Title: Chief Executive Officer  
Date: 9/25/07

AGREED:

**3M INNOVATIVE PROPERTIES COMPANY,**  
as Secured Party

By: Gary L. Griswold  
Name: Gary L. Griswold  
Title: President and Chief Intellectual Property Counsel

Date: September 21, 2007

## SCHEDULE A

All right, title, interest, claims and demands of Company in and to all patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, trade secrets, methods, processes, know how, drawings, specifications and descriptions.