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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

581-1280

To the Honorable Commissioner of Patents

100799603

ad original documents or copy thereof.

1. Name of conveying party(ies):

CONDUCTUS, INC.
969 WEST MAUDE AVENUE
SUNNYVALE, CA 94086

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

2. Name and address of receiving party(ies)

Name: Transamerica Business Credit Corp.

Internal Address: Technology Finance Division

Street Address: 76 Batterson Park Rd.

City: Farmington State: CT ZIP: 06032

Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:

MRD 8-19-98

☐ Assignment

☐ Merger

☒ Security Agreement

☐ Change of Name

☐ Other

Execution Date: MAY 29, 1998

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

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)

SEE ATTACHED

B. Patent No.(s)

SEE ATTACHED

Additional numbers attached? ☒ Yes ☐ No

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

Name: Federal Reserve Corp.

Internal Address:

Street Address: 400 SEVENTH ST NW

City: Washington State: DC ZIP: 20004

6. Total number of applications and patents involved:

30

7. Total fee (37 CFR 3.41).....\$ 1200⁰⁰ - E

☐ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

08/19/1998 SSNITH 00000046 5090819

DO NOT USE THIS SPACE

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1200.00 00

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Chris Bodman

Name of Person Signing

Chris Bodman

Signature

8/13/98

Total number of pages including cover sheet, attachments, and document: 15

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments

PATENT

REEL: 9375 FRAME: 0683

Schedule A

Patent Portfolio

Issued U.S. Patents

Patent Number	Inventor(s)	Title	Issue Date	Ownership/Status
5,090,819	Kapitulnik, A.	Superconducting Bolometer Construction	2/25/92	
5,126,533	Newman, N., Char, K.	Substrate Heater Utilizing Protective Heat Sinking Means	06/30/92	Licensed to US, Inc.
5,130,294	Char, K.	High Temperature Superconductor-Calcium Titanate Structures	07/14/92	
5,132,282	Newman, N. et al.	High Temperature Superconductor-Strontium Titanate Sapphire Structures	07/21/92	
5,157,466	Char, K. et al.	Grain Boundary Junctions in HTS Films	10/20/92	US Gov't rights
5,207,884	Char, K. et al.	Superconductor Deposition System	05/04/93	
5,219,826	Kapitulnik, A.	Superconducting Junctions and Method of Making Same	06/15/93	
5,233,500	Liang, G-C. et al.	Package for Cascaded Microwave Devices	08/03/93	
5,241,828	Kapitulnik, A.	Cryogenic Thermoelectric Cooler	09/07/93	
5,276,398	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	01/04/94	License to STI
5,280,013	Newman, N. et al.	Method of Preparing HTS Films on Opposite Sides of a Substrate	1/18/94	
5,351,007	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	09/27/94	Licensed to STI

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Patent Number	Inventor(s)	Title	Filing Date	Ownership/Remarks
5,366,953	Char, K. et al.	Method of Forming Grain Boundary Junctions in HTS Films	11/22/94	US Gov't rights
5,455,594	Blasing, R.R. et al.	Internal Thermal Isolation Layer For Array Antenna	10/03/95	Owned with Endgate
5,532,592	Colclough, M.S.	SQUID Control Apparatus with Non-Cryogenic Flux-Locked Loop Disposed in Closed Proximity to the SQUID (as amended)	7/2/96	
5,696,392	Char, K. et al.	Improved Barrier Layers for Oxide Superconductor Devices and Circuits	12/9/97	
5,432,151	Russo, R.E. et al.	Process for Ion-Assisted Laser Deposition of Biaxially Textured Intermediate Layer for Forming Superconducting Thin Film on Substrate	7/11/95	Owned with UCB
5,600,243	Colclough, M.S.	Improved SQUID Coupling Structure	2/4/97	
5,449,659	Garrison, S. et al.	Method of Bonding Multilayer Structures of Crystalline Materials	09/12/95	
5,656,937	Cantor, R.	Low-Noise Symmetric DC SQUID System	8/12/97	US Gov't rights
5,651,016	Yu, R.-C. et al.	Ultrahigh Speed Laser	7/22/97	US Gov't rights

Pending U.S. Patents

Patent No.	Inventor	Title	Filing Date	Ownership/Remarks
08/041,737	Burns, M.J. et al.	Monolithically Integrated Superconductor/ Semiconductor Structures	04/01/93	Owned with US Navy; Gov't Rights
08/393,131	Cantor, R.H. et al.	Multiple SQUID Direct Signal Injection Magnetometer	2/21/95	US Gov't rights
08/616,551	Berkowitz, S.	Three-Terminal Devices with Wide Josephson Junctions and Asymmetric Control Lines	3/15/96	US Gov't rights

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Serial No.	Inventor	Title	Filing Date	Ownership
08/706,974	Zhang, D. et al.	Frequency Transformation Apparatus and Method in Narrow-band Filter Designs	9/3/96	
08/837,571	Sochor, J.R.	Tuning Element for Microwave Filters and Method of Making Same	4/21/97	US Gov't rights
60/047,555	Moeckly, B.H. et al.	Interface-Engineered High-Tc Josephson Junctions	5/22/97	US Gov't rights
08/841,730	Kaplounenko, V. et al.	Digital Optical Receiver With Instantaneous Josephson Clock Recovery Circuit	8/21/97	US Gov't rights
08/995,766	Withers, R.S. et al.	Superconducting Resonant Circuit	12/22/97	Licensed to STI
09/054,912	Zhang, D.	Microstrip Cross-Coupling Control Apparatus and Method	4/3/98	US
	Zhang, D. et al.	Narrow Band-Reject Filter	4/1/98	US

Issued Foreign Patents

Country	Serial No.	Inventor	Title	Filing Date	Ownership
Australia	651,463	Char, K. et al.	Grain Boundary Junctions in HTS Films	11/9/94	
Australia	677590	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	8/21/97	Licensed to STI
Korea	122283	Char, K. et al.	Grain Boundary Junctions in HTS Films	9/3/97	

Pending Foreign Applications

Country	Serial No.	Inventor	Title	Filing Date	Ownership
Canada	2,137,079	Withers, R.S.	Superconducting Magnetic Resonance	05/28/93	Licensed to STI

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Country	Patent No.	Inventors	Title	Publ. Date	Comments/Status
China	95199566.2	Liang, G-C.	Probe Coil	10/12/95	
		Zhang, D. et al.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs		
Europe	94907958.6	Colclough, M.S.	SQUID Control Apparatus		
Europe	93914293.1	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	05/28/93	Licensed to STI
Europe	95 935 705.4	Zhang, D. et al.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs	7/30/97	
Japan	222,828/199 2	Newman, N. et al.	Method of Preparing High Temperature Superconducting Films on Opposite Sides of a Substrate	8/21/92	
Japan	6-50035	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	05/28/93	Licensed to STI
Japan	6-506586	Lee, L.P. et al.	Freestanding Structures of Perovskite-Type Oxide Materials	8/24/93	
Japan	6-518199	Colclough, M.S.	SQUID Control Apparatus	03/02/95	
Japan	HEI 08-513274	Zhang, D. et al.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs	10/12/95	
Korea	94-704386	Withers, R.S. et al.	Superconducting Magnetic Resonance Probe Coil	05/28/93	Licensed to STI
Korea	97 707601	Zhang, D., Liang, G-C., Shih, C-F.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs	10/12/95	
KS	97-702448	Zhang, D. et al.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs	10/12/95	
Norway	944607	Withers, R.S., Liang, G-C.	Superconducting Magnetic Resonance Probe Coil	05/28/93	Licensed to STI

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Country	Patent No.	Inventor	Title	Effective Date
WO	PCT/US95/12680	Zhang, D., Liang, G.-C., Shih, C.F.	Frequency Transformation Apparatus and Method in Narrow-Band Filter Designs	10/12/95
WO	08/616,551	Berkowitz, S.	Three-Terminal Devices with Wide Josephson Junctions and Asymmetric Control Lines	3/15/96
WO	PCT/US97/14748	Kaplounenko, V., Dubash, N.B., Zhang, Y.-M., Goshal, U.	Digital Optical Receiver With Instantaneous Josephson Clock Recovery Circuit	8/21/97

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT is made and entered into as of this 29 day of May, 1998 (this "Agreement"), between CONDUCTUS, INC., a Delaware corporation (the "Debtor"), with and in favor of TRANSAMERICA BUSINESS CREDIT CORPORATION, a Delaware corporation (the "Secured Party").

WHEREAS, the Debtor is entering into a Master Lease Agreement dated as of even date herewith (as amended, supplemented or otherwise modified from time to time, the "Lease Agreement"; terms which are capitalized herein and not otherwise defined shall have the meanings given to them in the Lease Agreement) with the Secured Party, pursuant to which the Debtor is obligated to make certain payments to the Secured Party; and

WHEREAS, in connection with the Lease Agreement, the Debtor is required to grant to the Secured Party a security interest in and lien on substantially all of its assets; and

WHEREAS, it is a condition precedent to the effectiveness of the Lease Agreement that the Debtor shall have executed and delivered this Agreement and granted a security interest in all of the Debtor's right, title and interest in and to all of the Intellectual Property Collateral (as hereinafter defined) in favor of the Secured Party, as contemplated hereby.

NOW, THEREFORE, in consideration of the premises hereof and to induce the Secured Party to enter into the Lease Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Security for Obligations.

(a) Security Interest in Patents. To secure the full and prompt payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Obligations, the Debtor hereby grants and conveys to the Secured Party a second and valid security interest in, with a power of sale to the extent permitted by law, all of its right, title and interest in the United States and throughout the world, in and to all of its now owned and hereafter acquired United States and foreign patents and all patent and design patent applications, and all issues, reissues, re-examinations, continuations, continuations-in-part or divisions thereof, and all proceeds thereof (hereinafter collectively referred to as the "Patents"). All unexpired patents and all currently pending patent applications owned or licensed (to the extent permitted by the applicable license) by the Debtor are listed on Schedule A attached hereto and made a part hereof. Subject to the provisions of Section 2(n), the Debtor hereby further grants, assigns and conveys to the Secured Party a second and valid security interest, having priority over all other security interests and with power of sale at any time, in all of the right, title and interest of the Debtor in and to all products, proceeds, income, royalties, damages and payments now or hereafter due and payable under or in respect of all Patents and, subject to the provisions of Section 2(n), in and to all rights during the term of this Agreement to sue, collect and retain for the Secured Party's benefit damages and payments for past or future infringements of the Patents.

(b) Security Interest in Trademarks. To secure the payment and performance of all of the Obligations, the Debtor hereby grants and conveys to the Secured Party a first and valid security interest in, with a power of sale to the extent permitted by applicable law, all of its right, title and interest, in the United States and throughout the world, in and to all of its now owned and hereafter acquired trademarks, service marks and trade names, and all variants thereof (whether or not such name is the subject of a registration or an application therefor), and all registrations and applications to register the same, and all renewals thereof, and the goodwill of the business relating thereto, and all proceeds thereof (hereinafter collectively referred to as the "Trademarks"). All United States trademark registrations and all currently pending trademark applications owned or licensed (to the extent permitted by the applicable license) by the Debtor and all foreign trademark registrations and all currently pending trademark applications in which the Debtor has an interest, are listed on Schedule B attached hereto and made a part hereof. Subject to the provisions of Section 2(n), the Debtor hereby further grants to the Secured Party a second and valid security interest in all of its right, title and interest in and to (i) all products, proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Trademarks, (ii) subject to the

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provisions of Section 2(n), all rights during the term of this Agreement to sue, collect and retain for the Secured Party's benefit damages and payments for past or future infringements of the Trademarks and (iii) all rights under or interest in any trademark license agreements or service mark license agreements with any other party, whether the Debtor is a licensee or licensor under any such license agreement, and the right to prepare for sale and sell any and all assets now or hereafter owned by the Debtor and now or hereafter covered by such licenses.

(c) Security Interest in Copyrights. To secure the payment and performance of all of the Obligations, the Debtor hereby grants to the Secured Party a first and valid security interest in all of its right, title and interest, in the United States and throughout the world, in and to all of its now owned and hereafter acquired copyrights, and all registrations and applications to register the same, all renewals thereof, any written agreement, naming the Debtor as licensor or licensee, granting any right under any copyright, any work which is or may be subject to copyright protection pursuant to Title 17 of the U.S. Code, and all physical things embodying such works (including, without limitation, copies thereof) created or otherwise used in the business of the Debtor, and all proceeds thereof (hereinafter collectively referred to as the "Copyrights"). All copyright registrations and all currently pending copyright applications owned or licensed (to the extent permitted by the applicable license) by the Debtor are listed on Schedule C attached hereto and made a part hereof. Subject to the provisions of Section 2(n), the Debtor hereby further grants to the Secured Party a second and valid security interest in all of its right, title and interest in and to all products, proceeds, income, royalties, damages and payments now and hereafter due and payable under or in respect of all Copyrights and, subject to the provisions of Section 2(n), in and to all rights during the term of this Agreement to sue, collect and retain for the Secured Party's benefit damages and payments for past or future infringements of the Copyrights.

(d) Security Interest in Proprietary Information. To secure the payment and performance of all of the Obligations, the Debtor hereby grants to the Secured Party a second and valid security interest in all of its right, title and interest, in the United States and throughout the world, in and to all of its now owned and hereafter acquired inventions, discoveries, trade secrets, improvements, processes, methods, formulae, applications, ideas, know-how, customer lists, corporate and other business records, license rights, advertising materials, operating manuals, sales literature, drawings, specifications, descriptions, name plates, catalogues, dealer contracts, supplier contracts, distributor agreements, confidential information, consulting agreements, engineering contracts, proprietary information, and goodwill (and all other assets which uniquely reflect such goodwill), and to all income, royalties, damages and payments now and hereafter due or payable therefor or in respect thereof (collectively, the "Proprietary Information" and, together with the Patents, the Trademarks and the Copyrights, the "Intellectual Property Collateral").

SECTION 2. Representations, Warranties and Covenants of the Debtor

(a) The Debtor is and will continue to be the owner of all of the Intellectual Property Collateral, free from any adverse claim, security interest, lien or encumbrance in favor of any Person except for the security interest granted to the Secured Party and except for (i) the prior lien of Silicon Valley Bank and (ii) Permitted Liens.

(b) None of the Intellectual Property Collateral is or shall become subject to any Lien in favor of any Person other than the Secured Party and except for any Permitted Liens, and the Debtor agrees that it shall not license, transfer, convey or encumber any interest in or to the Intellectual Property Collateral. Notwithstanding the foregoing, the Debtor shall be permitted to license any of the Intellectual Property Collateral in the ordinary course of business on commercially reasonable terms and conditions. Any license of the Intellectual Property Collateral granted by the Debtor (each, a "License") shall be in writing and shall reserve all rights in the Debtor except those reasonably necessary in the ordinary course of business to fulfill the permitted purposes herein. The Debtor shall cause a copy of each License to be delivered to the Secured Party within thirty (30) days of execution by all parties thereto.

(c) Except as disclosed in Schedule D hereto, the Debtor has made no previous assignment, transfer or agreement materially in conflict herewith or constituting a present or future assignment, transfer, or encumbrance of any of the Intellectual Property Collateral.

(d) Except as disclosed in Schedule D hereto, there is no financing statement or other

document or instrument now signed or on file in any public office granting a security interest in or otherwise encumbering any part of the Intellectual Property Collateral, except those showing the Secured Party as secured party. So long as any Obligations remain outstanding, the Debtor will not execute, and there will not be on file in any public office, any such financing statement or other document or instruments, except financing statements filed or to be filed in favor of the Secured Party or pursuant to a transaction permitted by the second sentence of Section 2(b).

(e) Subject to any limitation stated therein or in connection therewith, all information furnished to the Secured Party concerning the Intellectual Property Collateral and proceeds thereof is and will be accurate and correct in all material respects.

(f) Except as disclosed in Schedule D hereto, all Intellectual Property Collateral consisting of applications for Patents and for registrations of Trademarks and Copyrights has been duly and properly filed and all Intellectual Property Collateral consisting of issued or granted Patents and of registrations of Trademarks and Copyrights (including, without limitation, any and all renewals, reissues, continuations or divisions thereof, as the case may be) has been duly and properly maintained.

(g) Promptly, but not more frequently than quarterly, upon the receipt of an official filing receipt indicating that a patent application or an application for registration of a trademark has been received by the U.S. Patent and Trademark Office or an application for registration of a copyright has been received by the U.S. Copyright Office and upon the issuance of any patent or of any trademark or copyright registration, the Debtor agrees to notify the Secured Party in writing, which notice shall identify such patent, trademark or copyright application or patent, trademark or copyright registration, and the Debtor shall execute all documents necessary to perfect a security interest in such patent, trademark or copyright application or such patent or trademark or copyright registration, and the Debtor shall annually, or more frequently as the Secured Party shall request, cause an instrument sufficient to perfect, protect or establish any Lien hereunder to be recorded in the U.S. Patent and Trademark Office with respect to all United States patent applications filed by it or patents issued to it during the prior calendar year and with respect to all trademark applications filed by it or trademark registrations issued to it during the prior calendar year, and the Debtor shall annually, or more frequently as the Secured Party shall request, cause an instrument sufficient to perfect, protect or establish any Lien hereunder to be recorded in the U.S. Copyright Office with respect to United States copyright applications filed by it or copyright registrations issued to it during the prior calendar year.

(h) The Debtor shall not take any action, or permit any action to be taken by others subject to the Debtor's control, including licensees, or fail to take any action, or permit others subject to the Debtor's control, including licensees, to fail to take any action, subject to the provisions of Section 2(g), which would, in the case of any such actions or failures to act taken singly or together, materially adversely affect the validity, grant and enforceability of the security interest granted to the Secured Party hereunder. Notwithstanding the foregoing, the Debtor shall be permitted to abandon any of the Trademarks in accordance with the terms of Section 2(l).

(i) The Debtor shall promptly notify the Secured Party, in writing, of any suit, action, proceeding, claim or counterclaim brought against the Debtor that would reasonably be expected to have a Material Adverse Effect on the Intellectual Property Collateral, and shall, on request, deliver to the Secured Party a copy of all pleadings, papers, orders or decrees theretofore and thereafter filed in any such suit, action or proceeding, and shall keep the Secured Party duly advised in writing of the progress of any such suit.

(j) To the best knowledge and belief of the Debtor, except as disclosed in Schedule D, no infringement or unauthorized use presently is being made of any Intellectual Property Collateral. In the event of any material infringement of the Intellectual Property Collateral by others or in the event of any other conduct detrimental to the Intellectual Property Collateral by others known or brought to the attention of the Debtor, the Debtor shall promptly notify the Secured Party in writing at its address set forth in Section 5(a) of such infringement or other conduct and the full nature, extent, evidence and facts of such infringement or other conduct known to the Debtor.

(k) If reasonably requested by the Secured Party, the Debtor shall provide the Secured Party a complete status report of all Intellectual Property Collateral. Upon request by the Secured Party, the Debtor shall deliver to counsel for the Secured Party copies of any such Intellectual Property Collateral and other documents concerning or related to the prosecution, protection, maintenance, enforcement and issuance of the

Intellectual Property Collateral.

(l) The Debtor shall notify the Secured Party in writing at the address set forth in Section 5(a) at least thirty (30) days prior to any proposed voluntary abandonment of any Intellectual Property Collateral (other than items of Intellectual Property Collateral that are not useful or beneficial to the business and operations of the Debtor) and obtain the prior written consent of the Secured Party to such abandonment.

(m) During the term of this Agreement, the Debtor agrees:

(i) whenever any of the registered Trademarks are used by or on behalf of the Debtor, if reasonably practicable, to affix or cause to be affixed a notice that the mark is a registered trademark or service mark, which notice shall be in a form accepted or required by the trademark marking laws of each country in which the mark is so used and registered; and

(ii) whenever any of the underlying works covered by registered Copyrights are used by or on behalf of the Debtor, if reasonably practicable, to affix or cause to be affixed a notice that said underlying works are so covered, which notice shall be in a form accepted or required by the copyright laws of such country in which said underlying works are so used and registered.

(n) Subject to the provisions of Section 4(g), during the term of this Agreement, all income, royalties, payments and damages due and payable to the Debtor under or in respect of the Intellectual Property Collateral shall be paid to the Debtor.

(o) The Debtor agrees, upon the reasonable request by the Secured Party, during the term of this Agreement:

(i) to execute, acknowledge and deliver all additional instruments and documents necessary or desirable to effect the purposes and intents of this Agreement, in a form reasonably acceptable to counsel for the Secured Party; and

(ii) to do all such other acts as may be necessary or appropriate to carry out the purposes and intents of this Agreement, and to create, evidence, perfect and continue the security interests of the Secured Party in the Intellectual Property Collateral.

SECTION 3. Indemnity. The Debtor agrees to indemnify the Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement and any actions taken pursuant to Section 4 or any failure to act thereunder).

SECTION 4. Rights and Remedies Upon an Event of Default.

(a) If any Event of Default shall have occurred and be continuing, then and in every such case, subject to any mandatory Requirements of Law, the Secured Party, in addition to other rights and remedies provided for herein and any rights now or hereafter existing under applicable law, shall have all rights and remedies as a secured creditor under the Uniform Commercial Code in all relevant jurisdictions and may:

(i) personally, or by agents or attorneys, immediately take possession of the Intellectual Property Collateral or any part thereof, from the Debtor or any other Person who then has possession of any part thereof, with or without notice or process of law, and for that purpose may enter upon the Debtor's premises where any of the Intellectual Property Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Debtor; and

(ii) sell, assign or otherwise liquidate, or direct the Debtor to sell, assign or otherwise liquidate, any or all of the Intellectual Property Collateral or any part thereof, and take possession of the proceeds of any such sale or liquidation;

(b) Any collateral repossessed by the Secured Party under or pursuant to Section 4(a) and any other Intellectual Property Collateral whether or not so repossessed by the Secured Party, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Secured Party may, in compliance with any Requirements of Law, determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to the Debtor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for the 10 days after the giving of such notice, to the right of the Debtor or any nominee of the Debtor to acquire the Intellectual Property Collateral involved at a price or for such other consideration at least equal to the intended sale price or other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to the Debtor specifying the time and place of such sale and, in the absence of applicable Requirements of Law, shall be by public auction (which may, at the option of the Secured Party, be subject to reserve), after publication of notice of such auction not less than 10 days prior thereto in two newspapers of general circulation in the jurisdiction in which such auction is to be held. To the extent permitted by any such Requirements of Law, the Secured Party may bid for and become the purchaser of the Intellectual Property Collateral or any item thereof, offered for sale in accordance with this Section without accountability to the Debtor (except to the extent of surplus money received). If, under mandatory Requirements of Law, the Secured Party shall be required to make disposition of the Intellectual Property Collateral within a period of time which does not permit the giving of notice to the Debtor as hereinabove specified, the Secured Party need give the Debtor only such notice of disposition as shall be reasonably practicable in view of such mandatory Requirements of Law. The Secured Party shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Upon the occurrence and continuance of an Event of Default, the Secured Party shall have the right at any time to make any payments and do any other acts the Secured Party may deem necessary to protect its security interests in the Intellectual Property Collateral, including, without limitation, the rights to pay, purchase, contest or compromise any Lien which, in the reasonable judgment of the Secured Party, appears to be prior to or superior to the security interests granted hereunder, and appear in and defend any action or proceeding purporting to affect its security interests in, or the value of, the Intellectual Property Collateral. The Debtor hereby agrees to reimburse the Secured Party for all payments made and expenses incurred under this Agreement including reasonable fees, expenses and disbursements of attorneys and paralegals acting for the Secured Party, including any of the foregoing payments under, or acts taken to protect its security interests in, the Intellectual Property Collateral, which amounts shall be secured under this Agreement, and agrees it shall be bound by any payment made or act taken by the Secured Party hereunder absent the Secured Party's gross negligence or willful misconduct. The Secured Party shall have no obligation to make any of the foregoing payments or perform any of the foregoing acts.

(d) The Debtor hereby irrevocably authorizes and appoints the Secured Party, or any Person or agent the Secured Party may designate, as the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, at the Debtor's cost and expense, in the Secured Party's discretion, to take any action and to execute any instrument that the Secured Party may deem necessary or advisable to accomplish the purposes and intents of this Agreement and to exercise all of the following powers upon and at any time after the occurrence and during the continuance of an Event of Default, which powers, being coupled with an interest, shall be irrevocable until all of the Obligations shall have been paid and satisfied in full:

(i) ask for, demand, collect, bring suit, recover, compromise, administer, accelerate or extend the time of payment, issue credits, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral:

(ii) receive, take, endorse, negotiate, sign, assign and deliver and collect any checks, notes, drafts or other instruments, documents and chattel paper, in connection with clause (i) above;

(iii) receive, open and dispose of all mail addressed to the Debtor and notify postal authorities to change the address for delivery thereof to such address as the Secured Party may designate;

(iv) give customers indebted on the Intellectual Property Collateral notice of the Secured Party's interest therein, or to instruct such customers to make payment directly to the Secured Party for the Debtor's account or to request, at any time from customers indebted on the Intellectual Property Collateral, verification of information concerning the Intellectual Property Collateral and the amounts owing thereon;

(v) convey any item of Intellectual Property Collateral to any purchaser thereof;

(vi) record any instruments under Section 2(g) hereof;

(vii) make any payments or take any acts under Section 4(c) hereof; and

(viii) file any claims or take any action or institute any proceedings that the Secured Party may reasonably deem necessary or desirable for the collection of any of the Intellectual Property Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Intellectual Property Collateral.

The Secured Party's authority under this Section 4(d) shall include, without limitation, the authority to execute and give receipt for any certificate of ownership or any document, transfer title to any item of Intellectual Property Collateral, sign the Debtor's name on all financing statements or any other documents deemed necessary or appropriate to preserve, protect or perfect the security interest in the Intellectual Property Collateral and to file the same, prepare, file and sign the Debtor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with any Intellectual Property Collateral and prepare, file and sign the Debtor's name on a proof of claim in bankruptcy or similar document against any customer of the Debtor, and to take any other actions arising from or incident to the rights, powers and remedies granted to the Secured Party in this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Debtor.

(e) All cash proceeds received by the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Intellectual Property Collateral shall be applied by the Secured Party against the Obligations in such order as the Secured Party may determine.

(f) The Secured Party shall have the right of setoff with respect to the Intellectual Property Collateral as provided Section 9.14 of the Lease Agreement.

(g) Upon the occurrence and during the continuance of an Event of Default, all income, royalties, payments and damages under or in respect of the Intellectual Property Collateral, if any, received thereafter shall be held by the Debtor in trust for the benefit of the Secured Party, separate from the Debtor's own property or funds and immediately turned over to the Secured Party with proper assignments or endorsements. Upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right to notify payors of income, royalties, payments and damages under or in respect of the Intellectual Property Collateral to make payment directly to the Secured Party.

(h) Each and every right, power and remedy hereby specifically given to the Secured Party shall be in addition to every other right, power and remedy specifically given under this Agreement or under the other Lease Documents or now or hereafter existing at law or in equity, or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Secured Party. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of exercise of one shall not be deemed a waiver of the right to exercise of any other or others. No delay or omission of the Secured Party in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or any acquiescence

therein.

SECTION 5. General Provisions.

(a) Notices. All notices, approvals, consents or other communications required or desired to be given hereunder shall be in writing and sent by certified or registered mail, return receipt requested, by overnight delivery service, with all charges prepaid, or by telecopier followed by a hard copy sent by regular mail, if to the Secured Party, then to Transamerica Business Credit Corporation, 76 Batterson Road, Farmington, Connecticut 06032, Telecopy: (860) 677-6766, Attn.: Gregory Clark, Esq., and if to the Debtor, then to Conductus, Inc. 969 West Maude Avenue, Sunnyvale, California, 94086, Telecopy: (408) 523 - 9999, Attn.: Chief Financial Officer. All such notices and correspondence shall be deemed given (i) if sent by certified or registered mail, three Business Days after being postmarked, (ii) if sent by overnight delivery service, when received at the above stated addresses or when delivery is refused and (iii) if sent by telecopier transmission, when receipt of such transmission is acknowledged.

(b) Headings. The headings in this Agreement are for purposes of reference only and shall not affect the meaning or construction of any provision of this Agreement.

(c) Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect, in that jurisdiction only, such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

(d) Amendments, Waivers and Consents. Any amendment or waiver of any provision of this Agreement and any consent to any departure by the Debtor from any provision of this Agreement shall not be effective unless the same shall be in writing and signed by the Debtor and the Secured Party and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(e) Interpretation. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Lease Agreement shall have the meaning set forth in the Code, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with the Lease Agreement and is not dealt with herein with more specificity, the Lease Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

(f) Continuing Security Interest. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (i) remain in full force and effect until the payment in full in cash of the Obligations and the termination of the Lease Agreement, (ii) be binding upon the Debtor and its successors and assigns and (iii) inure, together with the rights and remedies of the Secured Party, to the Secured Party's successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Secured Party may, in accordance with the terms of the Lease Agreement, assign or otherwise transfer all or any portion of its rights and obligations under the Lease Documents (including, without limitation, all or any portion of any Leases or any Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Secured Party herein or otherwise, in each case as provided in the Lease Agreement.

(g) Reinstatement. To the extent permitted by law, this Agreement shall continue to be effective or be reinstated if at any time any amount received by the Secured Party in respect of the Obligations is rescinded or must otherwise be restored or returned by the Secured Party because the Debtor is the subject of an Insolvency Event, all as though such payments had not been made.

(h) Survival of Provisions. All representations, warranties and covenants of the Debtor contained herein shall survive the execution and delivery of this Agreement, and shall terminate only upon the full and final payment and performance by the Debtor of the Obligations secured hereby and termination of the Lease

Agreement and the other Lease Documents.

(i) Secured Party May Perform. If the Debtor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Debtor and shall constitute Obligations secured by this Agreement.

(j) No Duty on Secured Party. The powers conferred on the Secured Party hereunder are solely to protect the interest of the Lenders in the Intellectual Property Collateral and shall not impose any duty upon the Secured Party to exercise any such powers. Except for the safe custody of any Intellectual Property Collateral in its possession and the accounting for money actually received by it hereunder, the Secured Party shall have no duty as to any Intellectual Property Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters related to any Intellectual Property Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any Person or any other rights pertaining to any Intellectual Property Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Intellectual Property Collateral in its possession if such Intellectual Property Collateral is accorded treatment substantially equal to that which the Secured Party accords its own property. To the extent the Intellectual Property Collateral is held by a custodian, the Secured Party shall be deemed to have exercised reasonable care if it has selected the custodian with reasonable care.

(k) Delays; Partial Exercise of Remedies. No delay or omission of the Secured Party to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or shall operate as a waiver thereof or as a waiver of any such Event of Default. No single or partial exercise by the Secured Party of any right or remedy shall preclude any other or further exercise thereof, or preclude any other right or remedy.

(l) Release; Termination of Agreement. Subject to the provisions of subsection (g) hereof, upon the payment in full in cash of the Obligations and the termination of the Lease Agreement, this Agreement shall terminate and all rights in the Intellectual Property Collateral shall revert to the Debtor. At such time, the Secured Party shall, upon the request and at the expense of the Debtor, (A) execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence such termination and (B) reassign and redeliver to the Debtor all of the Intellectual Property Collateral hereunder which has not been sold, disposed of, retained or applied by the Secured Party in accordance with the terms hereof. Such reassignment and redelivery shall be without warranty by or recourse to the Secured Party, except as to the absence of any prior assignments by the Secured Party of its interest in the Intellectual Property Collateral.

(m) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but both of which shall together constitute one and the same agreement.

(n) GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES, EXCEPT TO THE EXTENT THAT FEDERAL LAW IS APPLICABLE.

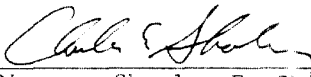
(o) SUBMISSION TO JURISDICTION. ALL DISPUTES BETWEEN THE DEBTOR AND THE SECURED PARTY, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN CHICAGO, ILLINOIS AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE SECURED PARTY SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE DEBTOR OR ITS PROPERTY IN ANY LOCATION REASONABLY SELECTED BY THE SECURED PARTY IN GOOD FAITH TO ENABLE THE SECURED PARTY TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE SECURED PARTY. THE DEBTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS, SETOFFS OR CROSS-CLAIMS IN ANY PROCEEDING BROUGHT BY THE SECURED PARTY. THE DEBTOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE

LOCATION OF THE COURT IN WHICH THE SECURED PARTY HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

(p) JURY TRIAL. THE DEBTOR AND THE SECURED PARTY EACH HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO A TRIAL BY JURY.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by causing this Agreement to be signed by their respective duly authorized officers on the day and year first above written.

CONDUCTUS, INC.

By: 
Name: Charles E. Salvoy
Title: President

Accepted and Agreed as of the
date first above written:

TRANSAMERICA BUSINESS CREDIT
CORPORATION

By: 
Name: Gary P. Moro
Title: Vice President