

06-28-1999



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**RECORDATION FORM COVER SHEET
PATENTS ONLY**

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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies)

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel Frame #
- Corrective Document
Reel Frame #

Conveyance Type

- Assignment Security Agreement
 - License Change of Name
 - Merger Other
- U.S. Government**
(For use ONLY by U.S. Government Agencies)
- Departmental File Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name (line 1) **Peregrine Semiconductor Corporation**

Execution Date
Month Day Year
May 17, 1999

Name (line 2)

Second Party

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1) **John B. Patton**

Name (line 2)

Address (line 1) **1533 Lake Shore Drive, Suite 100**

Address (line 2)

Address (line 3) **Columbus** **Ohio** **43204**

City

State/Country

Zip Code

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

06/24/1999 NTHA11 00000101 232415 06778669

01 FC:581 840.00 CH

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

**Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231**

Correspondent Name and Address Area Code and Telephone Number (650) 493-9300

Name **Peter Heinecke, Esq.**

Address (line 1) **Wilson Sonsini Goodrich & Rosati**

Address (line 2) **650 Page Mill Road**

Address (line 3) **Palo Alto, CA 94304-1050**

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. # 8

Application Number(s) or Patent Number(s) Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

08/778,669	9/144,841	08/862,575
08/751/571	08/751,571	08/914,474
09/179,258	08/401,521	08/914,474

Patent Number(s)

5,416,043	5,600,169	5,863,823
5,883,396	5,572,040	5,492,857
5,861,336	5,663,570	5,596,205

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT		PCT		PCT	
PCT		PCT		PCT	

Number of Properties Enter the total number of properties involved. # 21

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$ 840.00

Method of Payment:
Deposit Account

Enclosed Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: # 23-2415

Attorney Docket No.
112423-000

Authorization to charge additional fees: Yes No

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. Charges to deposit account are authorized, as indicated herein.

Henry P. Massey, Jr.
Assistant Secretary
Name of Person Signing

Signature

6-17-99
Date Signed

**RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY**

FORM PTO-1619C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
PATENT

Conveying Party(ies)

Enter Additional Conveying Parties

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Receiving Party(ies)

Enter Additional Receiving Party(ies)

Mark if additional names of receiving parties attached

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

Application Number(s) or Patent Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

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5,864,162	<input type="text"/>	<input type="text"/>
5,610,790	<input type="text"/>	<input type="text"/>
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of May 17, 1999 between Peregrine Semiconductor Corporation, a Delaware corporation ("**Debtor**"), and John B. Patton (the "**Secured Party**").

1. Security Agreement.

Concurrently with the effectiveness of this Agreement and pursuant to a Note and Warrant Purchase Agreement of even date herewith (the "**Purchase Agreement**"), Debtor is issuing to the Secured Party two Convertible Promissory Notes (the "**Notes**") and in exchange therefor Debtor is receiving the aggregate principal amount of such Notes from the Secured Party in the form of cash. Debtor hereby creates and grants to the Secured Party a security interest in the collateral described in Section 3 hereof and the proceeds of any sale or license thereof (the "**Collateral**") to secure the payment and performance of the obligations of Debtor to Secured Party under the Notes and as set forth in Section 4 hereof.

2. Subordination.

All of the Secured Party's interest shall be subordinated to the secured interests of the following equipment lessors (i) Leasetec Corporation, (ii) Hewlett Packard Company, (iii) Telogy, Inc. (iv) Orix Credit Alliance, Inc. (v) such other equipment lessors whose leases are included in the Debtor's balance sheet as of December 31, 1998, (vi) Lessors with whom Debtor has entered into operating leases and (vii) such other equipment lessors with whom Debtor may enter into leases secured by the equipment leased from time to time after December 31, 1998. Debtor represents that as of December 31, 1998, the aggregate balance on its capital and operating leases was less than \$675,000.

3. Collateral.

The collateral covered by this Security Agreement consists of the following (collectively, the "**Collateral**"):

3.1 Accounts. Any and all of Debtor's accounts, contract rights, and other rights to the payment of monies, now existing or hereafter acquired, including all repossessions and returns (the "**Accounts**"), and all proceeds of the Accounts;

3.2 Inventory. Any and all of Debtor's inventory in all of its forms, now or hereafter existing, including but not limited to all finished goods, work in process and raw materials, and goods which are returned to or repossessed by Debtor (the "**Inventory**"), and all proceeds of the Inventory;

3.3 **Equipment.** Any and all of Debtor's equipment, now or hereafter acquired, used in manufacture or otherwise used in the conduct of Debtor's business, including but not limited to manufacturing equipment, field service equipment, office equipment, furniture and fixtures and leasehold improvements to the full extent of Debtor's interest in all of the above (the "Equipment"), and all proceeds of the Equipment, provided, that the Collateral shall not include Equipment (or Debtor's leasehold interest therein) presently being purchased or leased by Debtor to the extent that the inclusion of such Equipment (or Debtor's leasehold interest therein) would violate the terms of such agreements;

3.4 **Technology.** Any and all patents, patent rights, inventions, processes, formulae, licenses, trade secrets, know-how and other proprietary rights and data, engineering calculations, technical plans, drawings and data, trademarks, trademark rights, service marks, service mark rights, trade name, trade name rights, copyrights, copyright rights and all other technology or proprietary rights of Debtor, and all rights to acquire any such rights in each case, whether now owned or hereafter created, acquired or issued (collectively the "Technology");

3.5 **Fixtures.** All fixtures of Debtor now owned or hereafter acquired by Debtor, and all additions and accessions thereto (collectively, "Fixtures") and all the proceeds of Fixtures; and

3.6 **Other Personal Property.** Any and all licenses, sublicenses and franchises, whether now owned or hereafter acquired, granted in any of the Technology, including, without limitation, any present or future right of Debtor to receive royalties or other payments from those to whom licenses, sublicenses or franchises have been or will be granted; all presently existing and hereafter arising general intangibles (as that term is defined in the Uniform Commercial Code); all other personal property and fixtures of the Debtor, whether now or hereafter existing, or now owned or hereafter acquired and wherever located, of every kind and description, tangible and intangible, including, but not limited to, the balance of every deposit account, now or hereafter existing, of the Debtor with any bank or financial institution and any claim of the Debtor against the Secured Party, or any of them, now or hereafter existing, and all money, goods, instruments, securities, documents, chattel paper, accounts, contract rights, general intangibles, credits, claims, demands, precious metals and any other property rights and interests of the Debtor; and any and all proceeds (including insurance proceeds) and products of any and all of the foregoing (collectively, "Other Personal Property").

4. **Debtor's Obligations Secured Hereby.**

Debtor's obligations to the Secured Party secured hereby are the following:

4.1 **Notes.** Payment of the principal sum and interest evidenced by the Notes, together with any future advances thereunder and amendments or extensions thereof;

4.2 **Performance.** Performance and discharge of each and every obligation of Debtor under this Security Agreement and the Notes.

4.3 **Other Sums.** All costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party (or its agents) in the exercise or enforcement of any right, power or remedy granted the Secured Party (or its agents) under this Agreement shall become part of the indebtedness secured hereunder and shall be payable immediately by Debtor, upon demand, and until paid shall bear interest at the rate provided for in the Notes.

5. **Debtor's Warranties and Representations.** Debtor represents and warrants that Debtor is duly organized and existing and in good standing under the laws of the State of Delaware and the execution, delivery, and performance of this Security Agreement are within Debtor's corporate powers, have been duly authorized and executed, and are not in conflict with any law or the terms of any charter, bylaw, or other incorporation papers, or of any indenture, agreement, or any undertaking to which Debtor is a party or by which Debtor is bound or affected. Debtor further represents and warrants that, except for Equipment now or hereafter leased, Debtor is and shall be the sole owner of full legal equitable title to the Collateral, free and clear of all mortgages, pledges, liens, security interests and other charges and encumbrances other than licenses relating to the Technology; and no Uniform Commercial Code financing statement covering any of the Collateral, and no assignment or similar agreement with respect to the Technology is currently effective.

6. **Debtor's Covenants.**

Debtor agrees and covenants that:

6.1 **Use of Proceeds.** The Debtor will use the proceeds of the Notes for general corporate purposes. Debtor covenants and agrees that, for so long as the Notes remain outstanding, it will not make any distribution or declare or pay any dividend on any of its capital stock.

6.2 **Further Encumbrances.** Except for purchase money secured lenders, until Debtor's Obligations secured under this Security Agreement shall have been repaid and performed in full, Debtor shall not grant a security interest in any of the Collateral other than to Secured Party, or execute any financing statements covering any of the Collateral in favor of any person other than Secured Party;

6.3 **Use of Collateral.** The Collateral will not be used for any unlawful purpose or in any way that will void any insurance required to be carried in connection therewith. Debtor will keep the Collateral free and clear of liens and adverse claims and, as appropriate and applicable, will keep it in good condition and repair, and will clean, shelter, and otherwise deal with the Collateral in all such ways as are considered good practice by owners of like Collateral;

6.4 **Insurance of Collateral.** The Collateral will be insured at Debtor's sole cost. Debtor agrees to pay when due all premiums for such insurance and all taxes, license fees and other charges in connection with the Collateral. If the Secured Party shall take possession of the Collateral, the Secured Party may surrender the policies and receive and retain the unearned premiums thereon;

6.5 **Indemnification.** Debtor shall indemnify the Secured Party against all loss, claims, demands and liabilities of every kind caused by the Debtor's possession and/or use of the Collateral;

6.6 **Perfection of Security Interest.** Promptly upon execution of this Security Agreement, Debtor and the Secured Party shall execute, and Debtor shall file: (i) a Financing Statement on Form UCC-1 with respect to the Collateral, and (ii) appropriate documentation with the U.S. Patent and Trademark office necessary to perfect the Secured Party' interest in all of the Company's patents or patent applications; Debtor shall execute and deliver such other documents as Secured Party deems necessary to create, perfect and continue the security interest in the Collateral contemplated hereby;

6.7 **Fees and Costs.** Upon any Event of Default, Debtor shall pay all expenses, including attorneys' fees, incurred by the Secured Party in the preservation, realization, enforcement or exercised of any of the Secured Party' rights under this Security Agreement.

7. **Events of Default.**

The occurrence of any of the following events shall constitute an "Event of Default" under this Security Agreement:

7.1 **Default on Note.** Any Event of Default (as defined in the Notes), or any event that would give the debtor the right to accelerate the indebtedness due under any Note, including, without limitation, default by Debtor in the payment when due, by acceleration or otherwise, of any principal of, or interest on, the Note;

7.2 **Inaccuracy of Representations.** Any representation or warranty made in connection with the execution and delivery of this Security Agreement, or in any certificate or instrument furnished pursuant hereto, shall prove to be at any time materially incorrect ;

7.3 **Breach of Covenant.** Any covenant or agreement of Debtor contained in this Security Agreement shall have been breached and such breach shall not have been cured within ten (10) days of notice by Secured Party to Debtor of such breach.

8. **Remedies on Default.** Upon the occurrence of an Event of Default, the Secured Party shall have all rights, privileges, powers and remedies provided by law, which rights, privileges, powers and remedies shall be cumulative, and no single or partial exercise of any of them shall preclude the further or other exercise of the same or any of them.

9. **Payments after an Event of Default.**

All payments received and amounts realized by the Secured Party pursuant to Section 8, as well as all payments or amounts then held or thereafter received by the Secured Party as part of the Collateral while an Event of Default shall be continuing, shall be promptly applied and distributed by the Secured Party in the following order of priority:

(i) first, to the payment of all costs and expenses, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, including any such costs and expenses of foreclosure or suit, if any, and of any sale or the exercise of any other remedy under Section 8, and of all taxes, assessments or liens superior to the lien granted under this Security Agreement, except any taxes, assessments or other superior lien subject to which any said sale under Section 8 hereof may have been made;

(ii) second, to the payment to Secured Party of the amount then owing or unpaid on the Notes, and in case the payments received and amounts realized by the Secured Party shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably, in the proportion that the amount of interest accrued under the Notes bears to the aggregate amount of interest accrued under the Notes, and in the proportion that the unpaid principal amount of the Note bears to the aggregate unpaid principal amount of the Notes, with application on the Notes to be made first to the unpaid interest thereon and second, to the unpaid principal thereof, such application to be made upon presentation of the Notes and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

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

10. **Termination.**

This Agreement shall terminate upon the earlier of (i) repayment of the principal plus accrued interest on all of the Notes (ii) conversion of all outstanding Notes for equity securities of the Debtor or (iii) any combination of repayment and conversion pursuant to clauses (i) and (ii) which fulfills Debtor's obligations under the Notes.

11. **Power of Attorney.**

Debtor hereby appoints the Secured Party the attorney-in-fact of Debtor to prepare, sign and file or record, for Debtor in Debtor's name, and financing statements, applications for registration and like papers and to take any other action deemed by Secured Party necessary or desirable in order to perfect the security interest of Secured Party hereunder, and to perform any obligations of Debtor hereunder, at Debtor's expense, but without obligation to do so.

12. **Secured Party' Right to Cure; Reimbursement.**

In the event Debtor should fail to do any act as herein provided, Secured Party may, but without obligation to do so, without notice to or release of Debtor from any obligation hereof, make or do the same in such manner and to such extent as Secured Party may deem necessary to protect the Collateral, including, without limitation, the defense of any action purporting to affect the Collateral or the rights or powers of Secured Party hereunder, at Debtor's expense.

13. **Assigns and Successors.**

This Agreement, together with the covenants and warranties contained in it, shall inure to the benefit of Secured Party and its successors and assigns, and shall be binding upon debtor and its successors and assigns.

14. **Presentment, Etc.**

Presentment, protest, notice of protest, notice of dishonor, and notice of nonpayment are waived with respect to any proceeds to which Secured Party is entitled hereunder and any rights to direct the application of payments for security for indebtedness of Debtor hereunder, or indebtedness of customers of Debtor, and any right to require proceedings against others or to require exhaustion of security, are waived.

15. **Severability.**

If any provision of this Agreement is held to be invalid under applicable law, then such provision shall be ineffective only to the extent of such invalidity, and neither the remainder of such provision nor any other provisions of this Agreement shall be affected thereby.

16. **Notices.**

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed by registered or certified mail, postage prepaid, to the party at the following addresses (or such other address as shall be given in writing by either party to the other):

To Debtor: Peregrine Semiconductor Corporation
6175 Nancy Ridge Drive
San Diego, CA 92121

and

To Secured Party: John B. Patton
c/o Davon, Inc.
1533 Lake Shore Drive
Columbus, OH 43204

17. **Miscellaneous.**

17.1 **Amendment.** This Agreement may be amended, or the application of any of the provisions hereunder waived, only with the written consent of Debtor and Secured Party holding Notes representing a majority of the aggregate principal amount of all Notes then outstanding.

17.2 **Governing Law.** This Agreement shall be governed by the laws of the State of California.

17.3 **Enforcement.** If any portion of this Agreement be determined to be invalid or unenforceable, the remainder shall be valid and enforceable to the maximum extent possible.

17.4 **Headings.** The headings set forth in this Agreement are for the convenience of the Party and shall not by themselves determine the interpretation or construction of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the date set forth above.

DEBTOR:

By: _____
William Peavey, CFO

SECURED PARTY:

(Print Name of Secured Party)

(Signature of Secured Party)

(Title & Signatory if Secured Party
is not an individual)

**[SIGNATURE PAGE TO SECURITY AGREEMENT
FOR PEREGRINE SEMICONDUCTOR CORPORATION]**