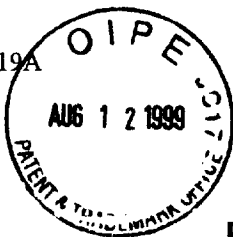


FORM PTO-1619A  
Expires 06/30/99  
OMB 0651-0027



08-17-1999



101118686

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

## RECORDATION FORM COVER SHEET PATENTS ONLY

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 Notice of Security Interest  
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) Intelligent Peripheral Devices, Inc. Execution Date  
Month Day Year  
06-04-1999

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) Fleet National Bank ☐ 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) One Federal Street

Address (line 2) Mail Stop: MA OF DOTA

Address (line 3) Boston Massachusetts 02110  
City State/Country Zip Code

### 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)

### FOR OFFICE USE ONLY

08/16/1999 MTHAI1 00000251 5717428

01 FC:581

(40.00 OP)

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

REEL: 010154 FRAME: 0545

**Correspondent Name and Address**

Area Code and Telephone Number **401-274-2000**

Name **Sandra Holloway, Legal Assistant**

Address (line 1) **Hinckley, Allen + Snyder**

Address (line 2) **1500 Fleet Center**

Address (line 3) **Providence, Rhode Island 02903**

Address (line 4)

**Pages**

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

# **17**

**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)

Patent Number(s)


<b>5,717,428</b>		

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

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**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.

# **1**

**Fee Amount**

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

--

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:

#

--

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.*

**Sandra E. Holloway**  
Name of Person Signing

**Sandra E. Holloway**  
Signature

**July 12, 1999**  
Date

## EXHIBIT B

### A. Trademarks and Trademark Applications

<u>Trademark</u>	<u>Registration No.</u>
(a) "Alpha Smart"	1,820,498
(b) "AlphaSync"	75/684,632
(c) "Alpha Updater"	75/684,472
(d) "Turbo Transfer"	(pending)

### B. Service Marks and Service Mark Applications

None.

### C. Patents and Patent Applications

<u>Patent Description</u>	<u>Registration No.</u>
Portable Computer for Use with a Plurality of Different Host Computers	5,717,428

### D. Copyrights and Copyright Applications

Debtor has no registered Copyrights.

NOTICE OF SECURITY INTEREST IN  
TRADEMARKS, SERVICE MARKS, PATENTS,  
COPYRIGHTS AND APPLICATIONS THEREFOR

This Notice of Security Interest in Trademarks, Service Marks, Patents, Copyrights and Applications therefor is made as of ~~May~~<sup>\*</sup>, 1999, by INTELLIGENT PERIPHERAL DEVICES, INC., a California corporation having its principal executive office at 20380 Town Center Lane, Cupertino, California 95014 (the "Company") with reference to the following:

*\* June 4*

*June 4* WHEREAS, the Company has entered into a Security Agreement (the "Agreement") dated ~~May~~, 1999, a copy of which is attached hereto as Exhibit A with Fleet National Bank, a national banking association organized under the laws of the United States, having a place of business at One Federal Street, Mail Stop: MA OF DO7A, Boston, Massachusetts 02110, in its capacity as agent for itself and each of the other "Lenders" under that certain Loan Agreement referenced and defined in the Agreement (the "Agent");

WHEREAS, the Company has (a) adopted, used and is using the trademarks, service marks, patents and copyrights listed on Exhibit B attached hereto and (b) filed applications for the registrations of additional trademarks, service marks, patents and copyrights, which trademarks, service marks, patents and copyrights or the applications therefor are registered with the United States Patent and Trademark Office; and

WHEREAS, the Company has granted to the Agent a security interest in trademarks, service marks, patents and copyrights and the applications for pending trademarks, service marks, patents and copyrights on the terms and conditions set forth in the Agreement.

NOW, THEREFORE, for valuable consideration and pursuant to the terms and conditions set forth in the Agreement, notice is hereby given that pursuant to the Agreement, the Company has granted to the Agent a security interest in all trademarks, service marks, patents and copyrights and all applications for pending trademarks, service marks, patents and copyrights, including, without limitation, the registered trademarks, service marks, patents, copyrights and applications therefor listed on Exhibit B attached hereto and incorporated herein by reference.

INTELLIGENT PERIPHERAL DEVICES, INC.

By: Ketan D. Kothari  
Name: Ketan D. Kothari  
Title: PRESIDENT.

FLEET NATIONAL BANK, AS AGENT

By: \_\_\_\_\_  
Mathew M. Glauninger  
Senior Relationship Manager and  
Vice President

NOTICE OF SECURITY INTEREST IN  
TRADEMARKS, SERVICE MARKS, PATENTS,  
COPYRIGHTS AND APPLICATIONS THEREFOR

This Notice of Security Interest in Trademarks, Service Marks, Patents, Copyrights and Applications therefor is made as of ~~May~~<sup>\* June</sup> 19, 1999, by INTELLIGENT PERIPHERAL DEVICES, INC., a California corporation having its principal executive office at 20380 Town Center Lane, Cupertino, California 95014 (the "Company") with reference to the following:

~~May~~<sup>\* June</sup> WHEREAS, the Company has entered into a Security Agreement (the "Agreement") dated ~~May~~<sup>\* June</sup> 19, 1999, a copy of which is attached hereto as Exhibit A with Fleet National Bank, a national banking association organized under the laws of the United States, having a place of business at One Federal Street, Mail Stop: MA OF DO7A, Boston, Massachusetts 02110, in its capacity as agent for itself and each of the other "Lenders" under that certain Loan Agreement referenced and defined in the Agreement (the "Agent");

WHEREAS, the Company has (a) adopted, used and is using the trademarks, service marks, patents and copyrights listed on Exhibit B attached hereto and (b) filed applications for the registrations of additional trademarks, service marks, patents and copyrights, which trademarks, service marks, patents and copyrights or the applications therefor are registered with the United States Patent and Trademark Office; and

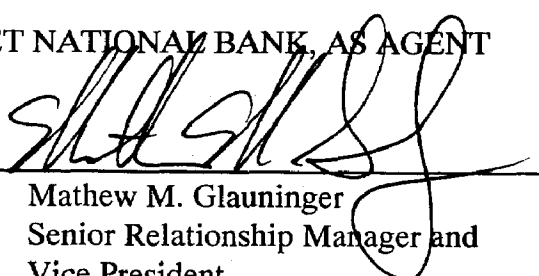
WHEREAS, the Company has granted to the Agent a security interest in trademarks, service marks, patents and copyrights and the applications for pending trademarks, service marks, patents and copyrights on the terms and conditions set forth in the Agreement.

NOW, THEREFORE, for valuable consideration and pursuant to the terms and conditions set forth in the Agreement, notice is hereby given that pursuant to the Agreement, the Company has granted to the Agent a security interest in all trademarks, service marks, patents and copyrights and all applications for pending trademarks, service marks, patents and copyrights, including, without limitation, the registered trademarks, service marks, patents, copyrights and applications therefor listed on Exhibit B attached hereto and incorporated herein by reference.

INTELLIGENT PERIPHERAL DEVICES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FLEET NATIONAL BANK, AS AGENT

By:   
Mathew M. Glauninger  
Senior Relationship Manager and  
Vice President

## EXHIBIT A

### SECURITY AGREEMENT

THIS AGREEMENT made as of June 4, 1999, by and between INTELLIGENT PERIPHERAL DEVICES, INC., a California corporation with a principal place of business at 20380 Town Center Lane, Cupertino, California 95014 ("Debtor") and FLEET NATIONAL BANK, a national banking association organized under the laws of the United States having an office at One Federal Street, Mail Stop: MA OF DO7A, Boston, Massachusetts 02110, as Agent for itself and each of the other Lenders who are now or hereafter become parties to the hereinafter defined Loan Agreement ("Secured Party"). Capitalized terms used but not expressly defined herein shall have the meanings assigned thereto in said Loan Agreement.

#### Section 1. Recitals.

(a) Secured Party, Debtor and the Lenders have this day entered into that certain Loan Agreement (as the same may be amended from time to time, the "Loan Agreement") pursuant to the terms of which Lenders have agreed to make loans to Debtor as set forth therein.

**Section 2. The Security Interests.** (a) In order to secure (i) payment and performance of all of the obligations of Debtor under the Loan Agreement, under the Notes and under the other Financing Documents, (ii) the performance of all of the obligations of Debtor to Secured Party contained herein, and (iii) the payment of all other future advances and other obligations of Debtor to Secured Party and/or the Lenders pursuant to the Loan Agreement, Notes and other Financing Documents, including, without limitation, any future loans and advances made to Debtor by Secured Party and/or the Lenders prior to, during or following any (a) application by Debtor for or consent by Debtor to the appointment of a receiver, trustee or liquidator of Debtor's property, (b) admission by Debtor in writing of its inability to pay or failure generally to pay its respective debts as they mature, (c) general assignment by Debtor for the benefit of creditors, (d) adjudication of Debtor as bankrupt or (e) filing by Debtor of a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debts, dissolution or liquidation statute, or an answer admitting the material allegations of a petition filed against it in a proceeding under any such law (any of the foregoing shall hereinafter be referred to as a "Bankruptcy Event"), any interest accruing under the Notes and/or the Loan Agreement after the commencement of a Bankruptcy Event to the extent permitted by applicable law, and any and all other indebtedness, liabilities and obligations of Debtor to Secured Party and/or the Lenders of every kind and description, direct, indirect or contingent, now or hereafter existing, due or to become due pursuant to the Loan Agreement, Notes and other Financing Documents (all of the foregoing being hereinafter called the "Obligations"), Debtor hereby grants to Secured Party for the benefit of the Lenders a continuing security interest in the following described fixtures and personal property (hereinafter collectively called the "Collateral"):

All fixtures and all tangible and intangible personal property of Debtor, whether now owned or hereafter acquired by Debtor, or in which Debtor may now have or hereafter acquire an interest, including, without limitation, (a) all equipment (including all machinery, tools and furniture), inventory and goods (each as defined in the Uniform Commercial Code, if so defined therein); (b) all accounts, accounts receivable, other receivables, contract rights, chattel paper,

and general intangibles (including, without limitation, trademarks, trademark registrations, trademark registration applications, servicemarks, servicemark registrations, servicemark registration applications, goodwill, tradenames, trade secrets, patents, patent applications, leases, licenses, permits, copyrights, copyright registrations, copyright registration applications, moral rights, any other proprietary rights, exclusionary rights or intellectual property and any renewals and extensions associated with any of the foregoing, as each of the foregoing may be secured under the laws now or hereafter in force and effect in the United States of America or any other jurisdiction) of Debtor (each as defined in the Uniform Commercial Code, if so defined therein); (c) all instruments, documents of title, policies and certificates of insurance, securities (whether certificated or uncertificated) and other investment property (as defined in the Uniform Commercial Code), (provided, that, the security interest in the securities or other equity interests of any foreign Subsidiary of Borrower shall be limited to 65% of such interests), bank deposits, deposit accounts, checking accounts and cash of Debtor; (d) all accessions, additions or improvements to, all replacements, substitutions and parts for, and all proceeds and products of, all of the foregoing and (e) all books, records and documents relating to any of the foregoing.

(b) All Collateral consisting of accounts receivable, contract rights, instruments, chattel paper and general intangibles (each as defined in the Uniform Commercial Code) of Debtor arising from the sale, delivery or provision of goods and/or services, including, without limitation, all documents, notes, drafts and acceptances, now owned by Debtor as well as any and all thereof that may be hereafter acquired by Debtor and in and to all returned or repossessed goods arising from or relating to any contract rights, accounts or other proceeds of any sale or other disposition of inventory, are sometimes hereinafter collectively called the "Customer Receivables".

(c) The security interests granted pursuant to this Section 2 (the "Security Interests") are granted as security only and shall not subject Secured Party to, or transfer or in any way affect or modify, any obligation or liability of Debtor under any of the Collateral or any transaction which gave rise thereto.

(d) Notwithstanding the foregoing provisions of this Section 2, the grant of a security interest as provided herein shall not extend to, and the term "Collateral" shall not include, any general intangibles or contract rights of Debtor (whether owned or held as licensee or lessee, or otherwise), to the extent that (i) such general intangibles or contract rights are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (ii) such consent has not been obtained; provided, however, that the foregoing grant or security interest shall extend to, and the term "Collateral" shall include, (A) any general intangible or contract rights which is an account receivable or a proceed of, or otherwise related to the enforcement or collection, any accounts receivable, or goods which are the subject of any account receivable to the extent that the assignment or encumbrance of such account receivable or proceeds is not or by law may not be so restricted, and, (B) any and all proceeds of any general intangibles or contract rights which are otherwise excluded to the extent that the assignment or encumbrance of such proceeds is not so restricted, and (C) upon obtaining the consent of any such licensor, lessor or other applicable party with respect to any such

otherwise excluded general intangibles or contract rights, such general intangibles or contract rights as well as any and all proceeds thereof that might have theretofore have been excluded from such grant of a security interest and the term "Collateral".

(e) Notwithstanding the foregoing provisions of this Section 2, the grant of the security interest of the Secured Party in intellectual property rights shall be subject and subordinate to the interests of licensees or lessees of Debtor in respect of such intellectual property rights. Without limitation to the generality of the foregoing any exercise of the remedies of the Secured Party with respect to such intellectual property rights (including any disposal thereof) shall be subject to the rights and interests of the licensees and lessees of such intellectual property rights, which rights and interests in such intellectual property rights thereof shall continue in full force and effect notwithstanding such disposal or other exercise of remedies or shall be regranted by Secured Party (or its successors and assigns) upon the same terms following such disposal or other exercise of remedies.

Section 3. Delivery of Pledged Securities, Chattel Paper and Database. All securities including, without limitation, shares of stock and negotiable promissory notes, owned by Debtor, whether now owned or hereafter acquired by Debtor (except for the stock of any subsidiary formed solely for the purposes of reincorporating the Debtor in another state, shall be delivered to Secured Party by Debtor simultaneously with the delivery hereof or, with respect to after acquired securities, promptly after the same have been acquired by Debtor (which securities are hereinafter called the "Pledged Securities") shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed undated instruments of transfer or assignments in blank, all in form and substance reasonably satisfactory to Secured Party. Exhibit A attached hereto and made a part hereof sets forth a complete description of all securities owned by Debtor on the date hereof. Secured Party may at any time or from time to time, at its sole discretion, require Debtor to cause any chattel paper included in the Customer Receivables to be delivered to Secured Party or any successor agent or representative designated by it for the purpose of causing a legend referring to the Security Interests to be placed on such chattel paper and upon any ledgers or other records concerning the Customer Receivables.

Section 4. Filing; Further Assurances. Debtor will, at its expense, execute, deliver, file and record (in such manner and form as Secured Party may reasonably require), or permit Secured Party to file and record (in such manner and form as Secured Party may reasonably require), any financing statements, any carbon, photographic or other reproduction of a financing statement or this Security Agreement (which shall be sufficient as a financing statement hereunder), Debtor will at its expense execute, deliver, file and record (in such manner and form as Secured Party may reasonably require) any specific assignments or other paper (other than, if no Event of Default is in existence, checks or drafts in payment of obligations owing to Debtor) that may be reasonably necessary or desirable, or that Secured Party may reasonably request, in order to create, preserve, perfect or validate any Security Interest granted hereby or to enable Secured Party to exercise and enforce its rights hereunder with respect to any of the Collateral. Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact to execute in the name and behalf of Debtor such additional financing statements as Secured Party may reasonably request.



**Section 5. Representations and Warranties of Debtor.** Debtor hereby represents and warrants to Secured Party that (a) Debtor is, or to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse Lien except as permitted under the Loan Agreement; (b) except for financing statements relating to Liens against Debtor specifically described in and permitted by the Loan Agreement, no financing statement covering the Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement; (c) all information, representations and warranties contained in Exhibit B attached hereto and made a part hereof are true, accurate and complete in all material respects on the date hereof; and (d) as of the date hereof there are no restrictions upon the voting rights or the transfer of all or any of the Pledged Securities (other than as may appear on the face of any certificate evidencing any of the Pledged Securities or as may be imposed by any state or local agency or government) and Debtor has the right to vote, pledge, grant the Security Interest in and otherwise transfer the Pledged Securities free of any encumbrances (other than applicable restrictions imposed by any state or local agency or government or Federal or state securities laws or regulations).

**Section 6. Covenants of Debtor.** Debtor hereby covenants and agrees with Secured Party that Debtor (a) will take all reasonable steps to defend the Collateral against all claims and demands of all persons at any time claiming any interest therein other than that of Secured Party lessors and licensees of Debtor and otherwise as permitted by the Loan Agreement; (b) will provide Secured Party with prompt written notice of (i) any change in the office where Debtor maintains its books and records pertaining to the Customer Receivables, and (ii) the movement or location of Collateral to or at any address other than as set forth in Exhibit B attached hereto except that the Debtor may locate office equipment, sales samples and minor amounts of inventory at sales offices and may have inventory located with contract manufacturers and shippers in the ordinary course of business; (c) will promptly pay any and all taxes, assessments and governmental charges upon the Collateral prior to the date penalties attach thereto except to the extent permitted under the Loan Agreement; (d) will immediately notify Secured Party of any event causing a substantial loss or diminution in the value of all or any material part of the Collateral ordinary wear and tear and depreciation excepted; (e) will have and maintain insurance at all times in accordance with the provisions of the Loan Agreement; (f) except in the ordinary course of business or as otherwise permitted under the Loan Agreement, will not sell or offer to sell or otherwise assign, transfer or dispose of any material Collateral or any interest therein, without the prior written consent of Secured Party; and (g) will keep the Collateral free from any adverse Lien (other than Liens permitted under the Loan Agreement) and in good order and repair, reasonable wear and tear excepted.

**Section 7. Records Relating to Collateral.** Debtor will keep its records concerning the Collateral, including the Customer Receivables and all chattel paper included in the Customer Receivables, at the location(s) set forth in Exhibit B attached hereto or at such other place or places of business of which Secured Party shall have been notified in writing no less than ten (10) days in advance. Debtor will hold and preserve such records in accordance with its usual and customary practice and chattel paper and will, to the extent provided in the Loan Agreement, (a) permit representatives of Secured Party upon reasonable notice at any time during normal business hours to examine and inspect the Collateral and to make abstracts from such records and

chattel paper, and (b) furnish to Secured Party such information and reports regarding the Collateral as Secured Party may from time to time reasonably request.

Section 8. Record Ownership of Pledged Securities. Debtor will promptly give to Secured Party copies of any notices or other communications received by Debtor with respect to Pledged Securities registered in the name of Debtor. Upon the occurrence of an Event of Default, Secured Party may cause any or all of the Pledged Securities to be transferred of record into the name of Secured Party (or a designee of Secured Party).

Section 9. Right to Receive Distributions on Pledged Securities. Unless an Event of Default shall have occurred and be continuing, Debtor shall be entitled, from time to time, to collect and receive for its own use all dividends, interest and other payments and distributions made upon or with respect to the Pledged Securities, except:

- (i) dividends of stock;
- (ii) dividends payable in securities or other property (except cash dividends);
- (iii) other securities issued with respect to or in lieu of the Pledged Securities (whether upon conversion of the convertible securities included therein or through stock split, spin-off, split-off, reclassification, merger, consolidation, sale of assets, combination of shares or otherwise).

All of the foregoing, together with all new, substituted or additional shares of capital stock, warrants, options or other rights, or other securities issued in addition to or in respect of all or any of the Pledged Securities shall be delivered to Secured Party hereunder as required by Section 3 hereof, to be held as Collateral pursuant to the terms hereof in the same manner as the Pledged Securities delivered to Secured Party on the date hereof.

Section 10. Right to Vote Pledged Securities. Unless an Event of Default shall have occurred and be continuing, Debtor shall have the right, from time to time, to vote and to give consents, ratifications and waivers with respect to the Pledged Securities and to exercise conversion rights with respect to the convertible securities included therein, and Secured Party shall, upon receiving a written request from Debtor accompanied by a certificate signed by Debtor's principal financial officer stating that no Event of Default has occurred, deliver to Debtor or as specified in such request such proxies, powers of attorney, consents, ratifications and waivers in respect of any Pledged Securities which are registered in Secured Party's name, and make such arrangements with respect to the conversion of convertible securities as shall be specified in Debtor's request, such arrangements to be in form and substance reasonably satisfactory to Secured Party.

If an Event of Default shall have occurred and be continuing, and provided Secured Party elects to enforce the security interests granted hereby and to exercise the rights hereinafter set forth by notice to Debtor of such election, Secured Party shall have the right, to the extent permitted by law, and Debtor shall take all such action as may be necessary or reasonably appropriate to give effect to such right, to vote and to give consents, ratifications and waivers and

take any other action with respect to all the Pledged Securities with the same force and effect as if Secured Party were the absolute and sole owner thereof.

Section 11. General Authority. Debtor hereby irrevocably appoints Secured Party Debtor's lawful attorney, with full power of substitution, in the name of Debtor, for the sole use and benefit of Secured Party, its successors and assigns, but at Debtor's expense, to exercise, all or any of the following powers with respect to all or any of the Collateral during the existence and continuance of any Event of Default:

(i) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due;

(ii) to receive, take, endorse, assign and deliver all checks, notes, drafts, securities, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Secured Party;

(iii) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(iv) to sell, transfer, assign or otherwise deal in or with the same or the proceeds or avails thereof or the related goods securing the Customer Receivables, as fully and effectually as if Secured Party were the absolute owner thereof;

(v) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

(vi) to discharge any taxes or Liens at any time placed thereon; and

(vii) to execute any document or form, in the name of Debtor, which may be necessary or desirable in connection with any sale of Pledged Securities by Secured Party, including without limitation Form 144 promulgated by the Securities and Exchange Commission;

provided, that Secured Party shall give Debtor not less than ten (10) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral.

Section 12. Events of Default. Debtor shall be in default under this Security Agreement upon the occurrence of any Event of Default under the Loan Agreement.

Section 13. Remedies Upon Event of Default. If any Event of Default shall have occurred and be continuing, Secured Party may exercise all the rights and remedies of a secured party under the Uniform Commercial Code. Secured Party may require Debtor to assemble all or any part of the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient. Secured Party shall give Debtor ten (10) days' written notice of its intention to make any public or private sale or sale at a broker's board or on a securities exchange of the Collateral. At any such sale the Collateral may be sold in one lot as an

entirety or in separate parcels, as Secured Party may determine. Secured Party shall not be obligated to make any such sale pursuant to any such notice. To the extent permitted by law, Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be adjourned. Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

Section 14. Application of Collateral and Proceeds. The proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in the following order of priorities: (a) first, to pay the expenses of such sale or other realization, including reasonable attorneys' fees, and all expenses, liabilities and advances incurred or made by Secured Party in connection therewith, and any other unreimbursed expenses for which Secured Party may be reimbursed pursuant to Section 15; (b) second, to the payment of the Obligations in such order of priority as Secured Party, in its sole discretion, shall determine; and (c) finally, to pay to Debtor, or its successors or assigns, or as a court of competent jurisdiction may direct, any surplus then remaining from such proceeds.

Section 15. Expenses; Secured Party's Lien. Debtor will forthwith upon demand pay to Secured Party: (a) the amount of any taxes which Secured Party may have been required to pay by reason of the grant of the Security Interests (including any applicable transfer and personal property taxes but excluding taxes in respect of Secured Party's income and profits) or to free any of the Collateral from any Lien (except Permitted Encumbrances) thereon and (b) the amount of any and all reasonable costs and expenses, including the reasonable fees and disbursements of its counsel and of any agents not regularly in its employ, which Secured Party or any of the Lenders may incur in connection with (i) the collection or other disposition of any of the Collateral, (ii) the exercise by Secured Party of any of the powers conferred upon it hereunder, (iii) any default on Debtor's part hereunder or (iv) any Bankruptcy Event.

Section 16. Termination of Security Interests; Release of Collateral. Upon the repayment and performance in full of all the Obligations and the expiration or termination of any obligations of Secured Party to advance funds to Debtor, or upon the sale of any Collateral which is permitted under the Loan Agreement or as otherwise consented to in writing by Secured Party, the Security Interests on such sold Collateral shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination of the Security Interests or release of Collateral, Secured Party will execute and deliver to Debtor such documents as Debtor shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be. Notwithstanding the foregoing, this Security Agreement shall be reinstated if at any time any payment made or value received with respect to an Obligation is rescinded, invalidated, declared to be fraudulent or preferential, or set aside or is required to be repaid to a trustee, receiver or any other party under any case or proceeding, voluntary or involuntary, for the distribution, division or application of all or part of the assets of Debtor or the proceeds thereof, whether such case or proceeding be for the liquidation, dissolution or winding up of Debtor or their respective businesses, a receivership, insolvency or bankruptcy case or proceeding, an assignment for the benefit of creditors or a proceeding by or against Debtor for relief under the

federal Bankruptcy Code or any other bankruptcy, reorganization or insolvency law or any other law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or marshalling of assets or otherwise, all as though such payment had not been made or value received.

Section 17. Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or telefaxed or delivered to the applicable party in the manner set forth in Section 9.6 of the Loan Agreement.

Section 18. Additional Provision Regarding Pledged Securities. With respect to any Pledged Securities which are delivered to the Secured Party pursuant to a separate pledge agreement, to the extent any provisions of that pledge agreement are inconsistent with the terms of this Security Agreement, the terms of that separate pledge agreement will govern.

Section 19. Miscellaneous. (a) No failure on the part of Secured Party to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power or remedy under this Security Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any right, power or remedy under this Security Agreement preclude any other right, power or remedy. The remedies in this Security Agreement are cumulative and are not exclusive of any other remedies provided by law. Neither this Security Agreement nor any provision hereof may be changed, waived, discharged or terminated orally but only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought;

(b) This Security Agreement shall be construed in accordance with and governed by the laws of the State of California, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any state other than the State of California with respect to Collateral located in any such other state are governed by the laws of said state; and.

(c) This Security Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Security Agreement.

Section 20. Consent to Jurisdiction and Service of Process.

(a) Except to the extent prohibited by applicable law, each party irrevocably:

(i) agrees that any suit, action, or other legal proceeding arising out of this Security Agreement or any of the Loans may be brought in the courts of record of The Commonwealth of Massachusetts or the State of California or any other state(s) in which any of the Collateral is located or the courts of the United States located in The Commonwealth of Massachusetts or the State of California or any other state(s) in which any of the Collateral is located;

(ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; and

(iii) waives any objection which it may have to the laying of venue of such suit, action or proceeding in any of such courts.

For such time as any of the Obligations of Debtor to Secured Party shall be unpaid in whole or in part and/or the Commitment is in effect, Debtor irrevocably designates the registered agent or agent for service of process of the Debtor as reflected on the records of the Secretary of State of California as its registered agent, and, in the absence thereof, the Secretary of State of California, as its agent to accept and acknowledge on its behalf service of any and all process in any such suit, action or proceeding brought in any such court and agrees and consents that any such service of process upon such agent and written notice of such service to Debtor by registered or certified mail shall be taken and held to be valid personal service upon Debtor regardless of where Debtor shall then be doing business and that any such service of process shall be of the same force and validity as if service were made upon it according to the laws governing the validity and requirements of such service in each such state and waives any claim of lack of personal service or other error by reason of any such service. Any notice, process, pleadings or other papers served upon the aforesaid designated agent shall, within three (3) Business Days after such service, be sent by the method provided therefor under Section 9.6 of the Loan Agreement to the Debtor at its address set forth in the Loan Agreement. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF ANY DISPUTE BETWEEN THE DEBTOR AND SECURED PARTY WITH RESPECT TO THE FINANCING DOCUMENTS AND/OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY.

Section 21. Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party.

EXHIBIT A

Securities Owned by Debtor

None

EXHIBIT B  
Additional Representations and Warranties

1. The exact title of Debtor is: Intelligent Peripheral Devices, Inc. Debtor has not conducted business under any other corporate name.
2. Debtor uses in its business, or has used at any time during the last five years, and owns the following trade names:
  - a. Alpha Smart
  - b. Alpha Smart 2000
3. Debtor was formed as a corporation on January 6, 1992 under the laws of State of California and is in good standing under those laws.
4. The senior officers of Debtor are:
  - a. Ketan Kothari – President
  - b. Manish Kothari – Vice President
  - c. Joseph Barrus – Vice President
5. Debtor is qualified to transact business in the following states: California
6. Debtor has places of business at:
  - a. 20380 Town Center Lane, Cupertino, California 95014
  - b. 16055 McCoy Road, Suite A, Red Bluff, California 96080
  - c. 3224 Neptune Way, Modesto, California 95355
  - d. 6064 S. Lima Street, Englewood, Colorado 80111
  - e. 17215 Big Pine Road, Reno, Nevada 89511
  - f. 1160 S. State Street, #180B, Orem, Utah 84097
7. Debtor owns or has an interest in personal property located at:
  - a. 20380 Town Center Lane, Cupertino, California 95014
  - b. 16055 McCoy Road, Suite A, Red Bluff, California 96080
  - c. 3224 Neptune Way, Modesto, California 95355
  - d. 6064 S. Lima Street, Englewood, Colorado 80111
  - e. 17215 Big Pine Road, Reno, Nevada 89511
  - f. 1160 S. State Street, #180B, Orem, Utah 84097



8. Debtor maintains its records concerning the Collateral, including the Customer Receivables and all chattel paper included in Customer Receivables, at:

20380 Town Center Lane #270  
Cupertino, California 95014

9. Debtor leases property at the following locations: \_

<u>Address</u>	<u>Record Owner of Real Estate</u>
20380 Town Center Lane Cupertino, California 95014	believed to be the lessor – Town Center Associates, a California limited partnership
1160 S. State Street, #180B Orem, Utah 84097	believed to be the lessor – Vista Enterprises
16055 McCoy Road Red Bluff, California 96080	Joseph Barrus

10. The following financing statement naming Debtor as “Debtor” is on file (Note: a UCC-2 statement of release was filed on May 20, 1999):

<u>Location</u>	<u>Date</u>	<u>File Number</u>	<u>Collateral</u>
California	12/27/94	9500361011	Accounts, Inventory & Equipment

IN WITNESS WHEREOF, this Security Agreement has been executed by the parties hereto all as of the day and year first above written.

INTELLIGENT PERIPHERAL DEVICES, INC.

By: Ketan D. Kothari  
Name: KETAN D. KOTHARI  
Title: PRESIDENT

FLEET NATIONAL BANK, as Agent for itself and  
the other Lenders

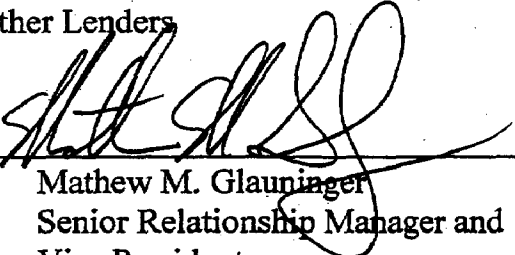
By: \_\_\_\_\_  
Mathew M. Glauninger  
Senior Relationship Manager and  
Vice President

IN WITNESS WHEREOF, this Security Agreement has been executed by the parties  
hereto all as of the day and year first above written.

INTELLIGENT PERIPHERAL DEVICES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FLEET NATIONAL BANK, as Agent for itself and  
the other Lenders

By:   
Mathew M. Glauninger  
Senior Relationship Manager and  
Vice President