

REC

04-12-2001

HEET

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office



101673077

To the Honorable Commissioner of Patents

and original documents or copy thereof.

1. Name of conveying party(ies):  
TIMEPLEX FEDERAL SYSTEMS, INC.  
12150 Monument Drive, Suite 750  
Fairfax, VA 22033

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

3. Nature of conveyance:

☐ Assignment

☐ Merger

☐ Security Agreement

☐ Change of Name

☒ Other: Amendment to Patent Security Agreement

Execution Date: April 2, 2001

2. Name and address of receiving party(ies)

Name: Foothill Capital Corporation, as Agent

Internal Address: Suite 3000W

Street Address: 2450 Colorado Avenue

City: Santa Monica State: CA ZIP: 90404

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

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)

Please see attached Schedule A.

B. Patent No.(s)

Please see attached Schedule A.

Additional numbers attached? ☒ Yes ☐ No

4827225

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

Name: Brobeck, Phleger & Harrison LLP

Internal Address: \_\_\_\_\_

Attn: Kimberley A. Lathrop

Street Address: 550 South Hope Street

City: Los Angeles State: CA ZIP: 90071

6. Total number of applications and patents involved: 14

7. Total fee (37 CFR 3.41).....\$ 560.00

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

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

04/12/2001 DBYRNE 00000092 4827225

DO NOT USE THIS SPACE

01 FC:581

560.00

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.

Kimberley A. Lathrop

Name of Person Signing

Kimberley A. Lathrop

Signature

04-10-01

Date

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

34

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

PATENT  
REEL: 011658 FRAME: 0112

SCHEDULE A

PATENTS

7/99

## PATENTS AND PATENT APPLICATIONS

1. France 7,824,918  
4/22/83  
Doelz: Small Packet Communication Network  
  
UK 2,029,366  
9/18/83  
  
UK 2,049,367  
3/7/84  
  
UK 2,049,368  
11/2/83  
  
UK 2,050,120  
9/28/83
2. U.S. 4,827,225  
5/2/89  
Lee: Fast locking phase-locked loop  
utilizing frequency estimation
3. U.S. 4,928,273  
5/22/90  
Protopapas: Time Division Multiplexer/Demultiplexer  
with Deterministic Time Slot
4. U.S. 4,368,514  
1/11/83  
Persaud: Multi-Processor System  
  
Canada 1,158,779  
12/13/83
5. U.S. 4,388,695  
6/14/83  
Heinemann: Hardware Memory Write Lock Circuit  
  
Canada 1,153,474  
9/6/83  
  
Germany P3048365.9  
10/15/87
6. U.S. 5,317,566  
5/31/94  
Joshi: Least Cost Routing Selection in Distributed  
Digital Communication Network

- 6 7. U.S. 5,394,402      Ross: Hub for Segmented Virtual Local Area Network  
2/28/95      with Shared Media Access

7/99: Proceed in EU:

France	England
Switzerland	Germany
Italy	Spain

Note: This patent is required to practice material parts of IEEE 802.1Q (Virtual Bridged Local Area Networks) standard adopted 1998

- 7 8. U.S. 5,467,344      Solomon: Packet Data Transmission with asynchronous  
11/16/95      Bandwidth Switching

7/99: Proceed in EU

England	France	Germany
Ireland	Belgium	Switzerland

- 8 9. U.S. 5,585,087      Bermanian: Method of HandShaking in a Data  
1/5/99      Communication Bus

- 9 10. U.S. 5,809,258      Bermanian: Bus with High Gross Data Transfer Rate  
9/15/98

- 10 11. U.S. 5,778,058      Gavin: Method of establishing logical connections  
7/7/98      between a newly added interface port and  
already existing ones in a data communication  
network

- 11 12. U.S. 5,778,244      Putnins: Digital Signal Processing unit using digital  
7/7/98      signal processor array with recirculation (TX12)

PCT filed (all member countries)

10/2/97

- 12 13. U.S. 5,825,779 Putnins: PBX networking with quality of service  
10/20/98 control (TX13)

PCT filed (all member countries) 10/2/97

- 13 14. U.S. 5,903,571 Koepper: Distributed transit Private Branch Exchange  
5/11/99 (TX14)

PCT filed (all member countries) + Malaysia 10/2/97

- 14 15. U.S. 5,805,690 Koepper: Method of Distributed Call Control in a  
9/8/98 Distributed PBX System (TX15)

PCT filed (all member countries) + Malaysia 10/2/97

Applications pending:

1. Len: Wide Band Tracking Digital Locked Loop

Continuation application # 9/021,509 filed: 2/10/98  
abandoned original filed 3/94

No correspondence with PTO - 7/99 filing status inquiry

2. Scarangella: Apparatus and Method for Converting Digital  
Words or Bytes of a given number of bits to bytes  
of a difference number of bits (TX10) filed: 10/7/96

Allowed, Issue fee paid 1/18/99 - waiting

PCT filed (all member countries) 10/2/97

3. Krakovyak: Method and apparatus for TDM interrupt  
transmissions between multiple devices and a  
processor (TX20) filed: 6/6/97

Allowed, Issue fee paid 5/20/99 - waiting

4. Krakovyak: Method and apparatus for using parasitic capacitances of a Printed Circuit Board as a temporary data storage medium working with a remote device (TX21)

filed: 6/6/97

Allowed, Issue fee paid

5. Solomon: Rate control of channels on a time division multiplex bus (TX18)

filed: 10/7/87

6. Zigras: Memory paging with rotating memory page (TX22)

filed: 11/4/97

7/99: Examiner to amend and will then allow

## 7/16/99 Update - Software Development &amp; Licenses

~~1.~~ Applied Telecom, Inc.  
3060 Ogden Avenue #300  
Lisle, IL 60532

SLI/CX

Dated: January 1999

License for derivatives

Licensed Application Chipset  
for moduleXilin x 4000  
PMC Series PM 7344  
PMC Series PM 4388

~~2.~~ Baan USA, Inc.

Internal IT

Dated: March 31, 1998

## (1) Software License &amp; Support Agreement

non-assignment - asset sale, merger or consolidation  
needs prior written consent

## (2) Interactive Software Systems, Inc.

Aurum: 60 users  
Safari 200 users

for DEC Alpha NT operating system - servers @ WCL and Langley

## (3) Sale of Timeplex Network to Baan

@ 2/99 deployment suspended

\$2 million P.O. issued by Baan - \$960,868 order submitted  
balance - non-refundable prepaymentAD10/FR + AD10/FR-50 @ 20% discount  
Cables @ 5% discount  
All other: TBD

~~3.~~ Hewlett Packard Company

Replacement Agreement - HP OpenView

for UNIX  
for Windows NT  
for Windows

Use with SYNCHRONY NMS  
EMS 200  
CMA

Minimum quarterly payment: reduced to \$43,750 for 1999 (Amendment #2)

~~4.~~ Object Design, Inc.

Signed: 1998 Contract: VAR #TIM093098 - 01V

Initial 3 years - 200 runtime copies @ \$100,000 prepaid  
additional copies @ \$500 per copy

Thereafter: minimum annual commitment \$50,000 unless otherwise agreed.

Non-Assignable

~~5.~~ Opticom, Inc.

License for: ExecutiveView  
EIS Asset View  
EIS Y2K View

Use to prepare Reports - identification of SNMP addressable devices  
and advice as to Y2K compliance of model/revision

Timeplex to pay royalty per report prepared for customer

Timeplex to serve as subcontractor for Opticom



6. Rapid Logic, Inc.

1040 Marina Village Parkway  
Alameda, CA 94501

SLI/CX

Dated: November 16, 1998

WEBCONTROL License - perpetual \$45,000

Internal use - SLI, Ijamsville, Md.  
designated environment: CPU - Motorola 68K  
RTOS - US  
Product Line: CX family

Windows 95/Windows NT 4.0 computer

Maintenance \$6,750 initial year  
Additional porting: \$1,500 per day charge

7. Mariner Networks, Inc. (wholly-owned subsidiary of Odetics, Inc.)

1585 S. Manchester Avenue  
Anaheim CA

Technology Development Contract - dated: 11/15/98

Develop, integrate and test Frame Relay to ATM Internetworking module  
(SLI FRAIM Assembly) using Mariner FRAIM technology and incorporating  
SLI CX circuitry on PCB

12 month time period - fixed price of \$34,000

Design to fit SLI PCB factor ... SLI retains all IP rights to SLI circuitry  
incorporated as part of SLI FRAIM Assembly - Mariner to own source  
code and object code plus design documentation, all data prepared by  
Mariner.

Not assignable as part of sale of business or by merger, consolidation or  
reorganization without prior written consent.

NOTE: Related FRAIM Purchase Agreement - Mariner to manufacture  
and sell SLI FRAIM Assembly to SLI. SLI to sell CUBIT PRO chips to Mariner  
@ \$76.00 ... Assembly price adjusted if more than \$76.00 ...

SLI to provide metal front panels and hardware to mount Assembly

Unit price: Motherboard	\$2,600
+ 200	\$2,400
Daughterboard	\$ 700
+200	\$ 600

**AMENDMENT TO  
PATENT SECURITY AGREEMENT**

This **AMENDMENT TO PATENT SECURITY AGREEMENT** (this "Amendment") is entered into as of April 2, 2001, by and between **TIMEPLEX FEDERAL SYSTEMS, INC.** (the "Borrower"), a Delaware corporation, and **FOOTHILL CAPITAL CORPORATION**, as arranger and administrative agent (the "Agent").

**WHEREAS**, Agent and Debtor are parties to that certain General Continuing Guaranty, dated as of April 2, 2001 (the "Guaranty");

**WHEREAS**, Agent and Debtor are parties to that certain Guarantor Patent Agreement, dated as of April 2, 2001 (the "Security Agreement"); and

**WHEREAS**, Agent has requested that the Patent Security Agreement dated as of August 9, 1999 by and between Debtor, and Foothill Capital Corporation, as lender, be amended, among other things, to change the secured party from Foothill Capital Corporation, as lender, to Foothill Capital Corporation, as agent.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual promises contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions and Construction. Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to them in the Williams Loan Agreement.

2. Amendments to the Patent Security Agreement.

a. The introductory sentence of the preamble to the Patent Security Agreement hereby is amended and restated in its entirety as follows:

**THIS PATENT SECURITY AGREEMENT** (this "Agreement"), dated as of August 9, 1999 is made by **TIMEPLEX FEDERAL SYSTEMS, INC.**, a Delaware corporation ("Borrower"), in favor of **FOOTHILL CAPITAL CORPORATION**, a California corporation ("Agent"), as arranger and administrative agent under that certain Loan and Security Agreement dated as of April 2, 2001, by and among WCS Acquisition LLC, a Delaware limited liability company, the lenders that are signatories thereto, and the Agent (the "Williams Loan Agreement").

b. Section 1 of the Patent Security Agreement hereby is amended by adding or amending and restating, as applicable, the following defined terms in the proper alphabetical order:

"Agent" has the meaning ascribed thereto in the preamble to this Agreement.

"Amendment" shall mean that certain amendment to the Agreement dated as of April 2, 2001, by and between Borrower and Agent.

"Borrower" shall mean Timeplex Federal Systems, Inc., a Delaware corporation.

"Debtor" has the meaning ascribed thereto in the Guaranty.

"Event of Default" means any Event of Default under the Williams Loan Agreement.

"Guaranty" has the meaning ascribed thereto in the recitals to the Amendment.

"Indebtedness" has the meaning ascribed thereto in the Williams Loan Agreement.

"Lender" shall mean Foothill Capital Corporation, as arranger and administrative agent under the Williams Loan Agreement.

"Loan Documents" has the meaning ascribed thereto in the Williams Loan Agreement.

"Secured Obligations" shall mean, with respect to the Borrower: (a) the due and punctual payment of the principal of, and interest (including, any and all interest which, but for the application of the provisions of the Bankruptcy Code, would have accrued on such amounts) on, any and all premium on, and any and all fees, costs, and expenses incurred in connection with or on the Indebtedness owed by each obligor to any member of the Lender Group pursuant to the terms of the Loan Documents; and (b) the due and punctual payment of all other present or future Indebtedness owing by each Debtor to any member of the Lender Group.

"Security Agreement" has the meaning ascribed thereto in the recitals to the Amendment.

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

"Williams Loan Agreement" has the meaning ascribed thereto in the preamble to this Agreement.

c. Section 1(b)(ix) of the Agreement is hereby amended and restated in its entirety as follows:

(ix) In the event of a direct conflict between the terms and provisions of this Agreement and the Security Agreement, it is the intention of the parties hereto that both such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Security Agreement shall control and govern;

provided, however, that the inclusion herein of additional obligations on the part of the Debtor and supplemental rights and remedies in favor of Lender (whether under New York law or applicable federal law), in each case in respect of the Patent Collateral, shall not be deemed a conflict with the Security Agreement.

d. Section 10 of the Agreement is hereby amended and restated in its entirety as follows:

Section 10. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, except to the extent that the validity or perfection of the security interests hereunder in respect of any Patent Collateral are governed by federal law, in which case such choice of New York law shall not be deemed to deprive Lender of such rights and remedies as may be available under federal law.

e. Any reference to "Lender" in the Agreement shall be read as "Agent" or "Lender Group" as the context requires.

2. Choice of Law. The validity of this Amendment, its construction, interpretation and enforcement, the rights of the parties hereunder, shall be determined under, governed by, and construed in accordance with the laws of the State of New York.

3. Counterparts; Telefacsimile Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telefacsimile shall be effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile shall also deliver a manually executed counterpart of this Amendment, but the failure to so deliver a manually executed counterpart of this Amendment shall not effect the validity hereof.

4. Effect on Patent Security Agreement. The Agreement, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not, except as expressly set forth herein, operate as a waiver of or as an amendment of, any right, power, or remedy of Agent or any other member of the Lender Group under the Loan Agreement, as in effect prior to the date hereof. The waivers, consents, and modifications herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences other than those on which the same are based, shall not excuse future non-compliance with the Loan Agreement.

5. Further Assurances. Borrower shall execute and deliver all agreements, documents, and instruments, in form and substance satisfactory to Agent, and take all actions as Agent may reasonably request from time to time, to perfect and maintain the perfection and priority of Agent's security interests in the Patent Collateral and to fully consummate the

transactions contemplated under this Amendment and the Agreement, as amended by this Amendment.

6. Reference to and Effect on the Patent Security Agreement. Upon and after the effectiveness of this Amendment: each reference in the Agreement to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Agreement, shall mean and be a reference to the Agreement as modified and amended hereby.

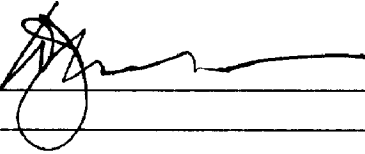
[Remainder of page left intentionally blank.]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

**TIMEPLEX FEDERAL SYSTEMS,  
INC.,** a Delaware corporation

By

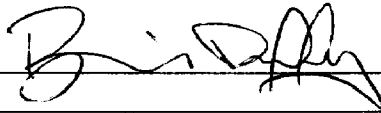
Title



**FOOTHILL CAPITAL  
CORPORATION,**  
a California corporation, as Agent

By

Title



## **PATENT SECURITY AGREEMENT**

**THIS PATENT SECURITY AGREEMENT** (this "Agreement"), dated as of August 9, 1999 is made by **TIMEPLEX FEDERAL SYSTEMS, INC.**, a Delaware corporation ("Debtor"), in favor of **FOOTHILL CAPITAL CORPORATION**, a California corporation ("Lender").

### **RECITALS**

A. Borrower and Lender have entered into that certain Amended and Restated Loan and Security Agreement, dated as of the date hereof (as amended, modified, renewed or extended from time to time, the "Loan Agreement"), pursuant to which Lender has agreed to make certain financial accommodations to Borrower.

B. Debtor has heretofore executed that certain Guaranty, dated as of March 25, 1998 (as amended, restated, or supplemented from time to time, the "Guaranty") in favor of Lender, as successor to the Guaranteed Parties identified therein, respecting certain obligations of Borrower owing to Lender under the Loan Agreement.

C. Debtor and Lender, as successor to Citicorp USA, Inc., as agent for the financial institutions identified therein, are parties to that certain Security Agreement, dated as March 25, 1998, (as amended, restated, or supplemented from time to time, the "Security Agreement") pursuant to which Debtor has granted to Lender a security interest in (among other things) certain of the general intangibles of Debtor

D. Pursuant to the Loan Agreement and as one of the conditions precedent to the obligations of Lender under the Loan Agreement, Debtor has agreed to execute and deliver this Agreement to Lender for filing with the United States Patent and Trademark Office and with any other relevant recording systems in any domestic or foreign jurisdiction, and as further evidence of and to effectuate Lender's existing security interests in the patents and other general intangibles described herein.

### **ASSIGNMENT**

**NOW, THEREFORE**, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, Borrower hereby agrees in favor of Lender as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Bankruptcy Code" means the United States Bankruptcy Code (11 U.S.C. §101 et seq.), as amended, and any successor statute.

"Event of Default" means any Event of Default under the Security Agreement.

"Lien" means any pledge, security interest, assignment, charge or encumbrance, lien (statutory or other), or other preferential arrangement (including any agreement to give any security interest).

"Financing Agreements" has the meaning assigned to it in the Security Agreement.

"Patent Collateral" has the meaning set forth in Section 2.

"Patents" has the meaning set forth in Section 2.

"Person" means an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other juridical entity.

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Patent Collateral, including "proceeds" as defined at UCC Section 9306, and all proceeds of proceeds. Proceeds shall include (i) any and all accounts, chattel paper, instruments, general intangibles, cash and other proceeds, payable to or for the account of Borrower, from time to time in respect of any of the Patent Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of Borrower from time to time with respect to any of the Patent Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Patent Collateral by any Person acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Patent Collateral or for or on account of any damage or injury to or conversion of any Patent Collateral by any Person.

"PTO" means the United States Patent and Trademark Office and any successor thereto.

"Security Agreement" shall have the meaning ascribed thereto in the recitals of this Agreement.

"Secured Obligations" means all liabilities, obligations, or undertakings owing by Debtor to Lender of any kind or description arising out of or outstanding under, advanced or issued pursuant to, or evidenced by the Guaranty, the other Loan Documents, or this Agreement, irrespective of whether for the payment of money, whether direct or indirect,



absolute or contingent, due or to become due, voluntary or involuntary, whether now existing or hereafter arising, and including all interest (including interest that accrues after the filing of a case under the Bankruptcy Code) and any and all costs, fees (including attorneys fees), and expenses which Debtor is required to pay pursuant to any of the foregoing, by law, or otherwise.

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

"United States" and "U.S." each mean the United States of America.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings ascribed to them in the UCC.

(c) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof, or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears.

(ii) The words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation."

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) Capitalized words not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement.

(ix) In the event of a direct conflict between the terms and provisions of this Agreement and the Security Agreement, it is the intention of the parties hereto that both such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Security Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of the Debtor and supplemental rights and remedies in favor of Lender (whether under California law or applicable federal law), in each case in respect of the Patent Collateral, shall not be deemed a conflict with the Security Agreement.

## 2. Security Interest.

(a) Assignment and Grant of Security Interest. As security for the payment and performance of the Secured Obligations, Debtor hereby grants, assigns, transfers, and conveys to Lender a continuing security interest in all of Debtor's right, title and interest in, to and under the following property, whether now existing or hereafter acquired or arising (collectively, the "Patent Collateral"):

(i) all letters patent of the U.S. or any other country, all registrations and recordings thereof, and all applications for letters patent of the U.S. or any other country, owned, held or used by Debtor in whole or in part, including all existing U.S. patents and patent applications of Debtor which are described in Schedule A hereto, as the same may be amended or supplemented pursuant hereto from time to time, and together with and including all patent licenses held by Borrower, together with all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and the inventions disclosed therein, and all rights corresponding thereto throughout the world, including the right to make, use, lease, sell and otherwise transfer the inventions disclosed therein, and all proceeds thereof, including all license royalties and proceeds of infringement suits (collectively, the "Patents");

(ii) all claims, causes of action and rights to sue for past, present and future infringement or unconsented use of any of the Patents and all rights arising therefrom and pertaining thereto;

(iii) all general intangibles (as defined in the UCC) and all intangible intellectual or other similar property of Debtor of any kind or nature, whether now owned or hereafter acquired or developed, associated with or arising out of any of the Patents and not otherwise described above; and

(iv) all products and Proceeds of any and all of the foregoing.

(b) Certain Exclusions from Grant of Security Interest. Anything in this Agreement and the other Loan Documents to the contrary notwithstanding, the foregoing grant, assignment, transfer, and conveyance of a security interest shall not extend to, and the term "Patent Collateral" shall not include, any item of Patent Collateral described in Section 2(a) above that is now or hereafter held by Debtor as licensee or otherwise, solely in the event and to the extent that: (i) as the proximate result of the foregoing grant, assignment, transfer, or conveyance of a security interest, Debtor's rights in or with respect to such item of Patent Collateral would be forfeited or would become void, voidable, terminable, or revocable, or if Debtor would be deemed to have breached, violated, or defaulted the underlying license or other agreement that governs such item of Patent Collateral pursuant to the restrictions in the underlying license or other agreement that governs such item of Patent Collateral; (ii) any such restriction shall be effective and enforceable under applicable law, including Section 9318(4) of the Code; and (iii) any such forfeiture, voidness, voidability, terminability, revocability, breach, violation, or default cannot be remedied by Debtor using its best efforts (but without any obligation to make any material expenditures of money or to commence legal proceedings); provided, however, that the foregoing grant, assignment, transfer, and conveyance of security interest shall extend to, and the term "Patent Collateral" shall include, (y) any and all Proceeds of such item of Patent Collateral to the extent that the assignment or encumbering of such Proceeds is not so restricted, and (z) upon any such licensor or other applicable party's consent with respect to any such otherwise excluded item of Patent Collateral being obtained, thereafter such item of Patent Collateral as well as any Proceeds thereof that might theretofore have been excluded from such grant, assignment, transfer, and conveyance of a security interest and the term "Patent Collateral."

(c) Continuing Security Interest. Debtor agrees that this Agreement shall create a continuing security interest in the Patent Collateral which shall remain in effect until terminated in accordance with Section 16.

(d) Incorporation into Security Agreement. This Agreement shall be fully incorporated into the Security Agreement and all understandings, agreements and provisions contained in the Security Agreement shall be fully incorporated into this Agreement. Without limiting the foregoing, the Patent Collateral described in this Agreement shall constitute part of the Collateral in the Security Agreement.

(e) Licenses. Anything in the Security Agreement or this Agreement to the contrary notwithstanding, Debtor may grant non-exclusive licenses of the Patent Collateral (subject to the security interest (if any) of Lender therein) in the ordinary course of business consistent with past practice.

3. Further Assurances; Appointment of Lender as Attorney-in-Fact.  
Debtor at its expense shall execute and deliver, or cause to be executed and delivered, to

Lender any and all documents and instruments, in form and substance satisfactory to Lender, and take any and all action, which Lender may reasonably request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of Lender's security interest in the Patent Collateral and to accomplish the purposes of this Agreement. Lender shall have the right to, in the name of Debtor, or in the name of Lender or otherwise, without notice to or assent by Debtor, and Debtor hereby irrevocably constitutes and appoints Lender (and any of Lender's officers or employees or agents designated by Lender) as Debtor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of Debtor on all or any of such documents or instruments, and perform all other acts, that Lender deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of Lender's security interest in, the Patent Collateral, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of Debtor, which Lender may deem necessary or advisable to maintain, preserve and protect the Patent Collateral and to accomplish the purposes of this Agreement, including (A) after the occurrence and during the continuance of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to the Patent Collateral, (B) during a Triggering Event, to assert or retain any rights under any license agreement for any of the Patent Collateral, including any rights of Debtor arising under Section 365(n) of the Bankruptcy Code, and (C) after the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for Lender to use the Patent Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Patent Collateral (it being understood that so long as no Event of Default has occurred and is continuing, Debtor may grant or issue licenses in the ordinary course of business with respect to the Patent Collateral), and to assign, convey or otherwise transfer title in or dispose of the Patent Collateral. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as this Agreement shall not have terminated in accordance with Section 16.

Nothing in this Agreement shall obligate Debtor to commence any suit, proceeding or other action for infringement of any of the Patents that are not material to the business of Debtor.

4. Representations and Warranties. Debtor represents and warrants to Lender as follows:

(a) No Other Patents. A true and correct list of all of the existing Patents owned, held (whether pursuant to a license or otherwise) or used by Debtor, in whole or in part, is set forth in Schedule A.

(b) Validity. Each of the Patents listed on Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, all maintenance fees required to be paid on account of any Patents have been timely paid for maintaining such

Patents in force, and, to the best of Debtor's knowledge, each of the Patents is valid and enforceable.

(c) Ownership of Patent Collateral: No Violation. (i) Debtor has rights in and good title to the existing Patent Collateral, (ii) with respect to the Patent Collateral shown on Schedule A hereto as owned by it, Debtor is the sole and exclusive owner thereof, free and clear of any Liens and rights of others (other than the security interest created hereunder), including licenses, shop rights and covenants by Debtor not to sue third persons and (iii) with respect to any Patent for which Debtor is either a licensor or a licensee pursuant to a license or licensee agreement regarding such Patent, each such license or licensing agreement is in full force and effect, Debtor is not in default of any of its obligations thereunder and, other than the parties to such licenses or licensing agreements, no other Person is known by Debtor to have any rights in or to any of the Patent Collateral. To the best of Debtor's knowledge, the past, present and contemplated future use of the Patent Collateral by Debtor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other Person.

(d) No Infringement. To the best of Debtor's knowledge, no material infringement or unauthorized use presently is being made of any of the Patent Collateral by any Person.

(e) Powers. Debtor has the unqualified right, power and authority to pledge and to grant to Lender a security interest in all of the Patent Collateral pursuant to this Agreement, and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person except as already obtained.

5. Covenants. So long as any of the Secured Obligations remain unsatisfied, Debtor agrees that it will comply with all of the covenants, terms and provisions of this Agreement, the Loan Agreement and the other Loan Documents, and Debtor will promptly give Lender written notice of the occurrence of any event that could have a material adverse effect on any of the Patents or the Patent Collateral, including any petition under the Bankruptcy Code filed by or against any licensor of any of the Patents for which Debtor is a licensee.

6. Future Rights. Except as otherwise expressly agreed to in writing by Lender, for so long as any of the Secured Obligations shall remain outstanding, or, if earlier, until Lender shall have released or terminated, in whole but not in part, its interest in the Patent Collateral, if and when Debtor shall obtain rights to any new patentable inventions, or become entitled to the benefit of any Patent, or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or Patent Collateral or any improvement thereof (whether pursuant to any license or otherwise), the provisions of Section 2 shall automatically apply thereto and Debtor shall give to Lender prompt notice thereof. Debtor

shall do all things deemed necessary or advisable by Lender to ensure the validity, perfection, priority and enforceability of the security interests of Lender in such future acquired Patent Collateral. Debtor hereby authorizes Lender to modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on Debtor's behalf and as its attorney-in-fact to include any future patents which are or become Patent Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

7. Remedies. Lender shall have all rights and remedies available to it under the Loan Agreement and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Patent Collateral or any other Collateral. Debtor agrees that such rights and remedies include the right of Lender as a Lender to sell or otherwise dispose of its Collateral after default, pursuant to UCC Section 9504. Debtor agrees that Lender shall at all times have such royalty free licenses, to the extent permitted by law, for any Patent Collateral that is reasonably necessary to permit the exercise of any of Lender's rights or remedies upon or after the occurrence of an Event of Default with respect to (among other things) any tangible asset of Debtor in which Lender has a security interest, including Lender's rights to sell inventory, tooling or packaging which is acquired by Debtor (or its successor, assignee or trustee in bankruptcy); provided, however, that such license shall not extend to any item of Patent Collateral that is now or hereafter held by Debtor as licensee or otherwise, solely in the event and to the extent that: (i) as the proximate result of the grant of such license, Debtor's rights in or with respect to such item of Patent Collateral would be forfeited or would become void, voidable, terminable, or revocable, or if Debtor would be deemed to have breached, violated, or defaulted the underlying license or other agreement that governs such item of Patent Collateral pursuant to the restrictions in the underlying license or other agreement that governs such item of Patent Collateral; (ii) any such restriction shall be effective and enforceable under applicable law, including Section 9318(4) of the Code; and (iii) any such forfeiture, voidness, voidability, terminability, revocability, breach, violation, or default cannot be remedied by Debtor using its best efforts (but without any obligation to make any material expenditures of money or to commence legal proceedings). In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, Lender shall have the right but shall in no way be obligated to bring suit, or to take such other action as Lender deems necessary or advisable, in the name of Debtor or Lender, to enforce or protect any of the Patent Collateral, in which event Debtor shall, at the request of Lender, do any and all lawful acts and execute any and all documents required by Lender in aid of such enforcement. To the extent that Lender shall elect not to bring suit to enforce such Patent Collateral, upon, during, or after the occurrence of an Event of Default, Debtor agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

8. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor and Lender and their respective successors and assigns.

9. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Guaranty.

10. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, except to the extent that the validity or perfection of the security interests hereunder in respect of any Patent Collateral are governed by federal law, in which case such choice of California law shall not be deemed to deprive Lender of such rights and remedies as may be available under federal law.

11. Entire Agreement; Amendment. This Agreement, together with the Schedules hereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties, as provided in the Loan Agreement. Notwithstanding the foregoing, Lender may re-execute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 6 hereof.

12. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

13. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.


14. Security Agreement. Debtor acknowledges that the rights and remedies of Lender with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement and all such rights and remedies are cumulative.

15. No Inconsistent Requirements. Debtor acknowledges that this Agreement and the other Loan Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

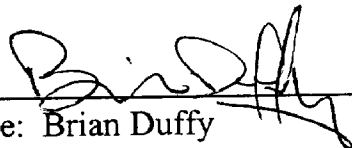
16. Termination. Upon the indefeasible payment in full of the Secured Obligations, including the cash collateralization, expiration, or cancellation of all Secured Obligations, if any, consisting of letters of credit, and the full and final termination of any commitment to extend any financial accommodations under the Loan Agreement, this Agreement shall terminate and Lender shall execute and deliver such documents and instruments and take such further action reasonably requested by Debtor and at Debtor's expense as shall be necessary to evidence termination of the security interest granted by Debtor to Lender hereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

**TIMEPLEX FEDERAL SYSTEMS, INC.**  
a Delaware corporation

By:   
Name: Douglas E. Johnston, Jr.  
Title: Vice President

**FOOTHILL CAPITAL CORPORATION,**  
a California corporation

By:   
Name: Brian Duffy  
Title: Vice President



SCHEDULE A

PATENTS

NYFS10....\86\35886\0403\2005\AGR3248X.540

PATENT  
REEL: 011658 FRAME: 0136

7/99

PATENTS AND PATENT APPLICATIONS

1. France 7,824,918      Doelz: Small Packet Communication Network  
4/22/83  
  
UK 2,029,366  
9/18/83  
  
UK 2,049,367  
3/7/84  
  
UK 2,049,368  
11/2/83  
  
UK 2,050,120  
9/28/83
2. U.S. 4,827,225      Lee: Fast locking phase-locked loop  
5/2/89                  utilizing frequency estimation
3. U.S. 4,928,273      Protopapas: Time Division Multiplexer/Demultiplexer  
5/22/90                  with Deterministic Time Slot
4. U.S. 4,368,514      Persaud: Multi-Processor System  
1/11/83  
  
Canada 1,158,779  
12/13/83
5. U.S. 4,388,695      Heinemann: Hardware Memory Write Lock Circuit  
6/14/83  
  
Canada 1,153,474  
9/6/83  
  
Germany P3048365.9  
10/15/87
6. U.S. 5,317,566      Joshi: Least Cost Routing Selection in Distributed  
5/31/94                  Digital Communication Network

7. U.S. 5,394,402      Ross: Hub for Segmented Virtual Local Area Network  
2/28/95      with Shared Media Access

7/99: Proceed in EU:

France	England
Switzerland	Germany
Italy	Spain

Note: This patent is required to practice material parts of IEEE 802.1Q (Virtual Bridged Local Area Networks) standard adopted 1998

8. U.S. 5,467,344      Solomon: Packet Data Transmission with asynchronous  
11/16/95      Bandwidth Switching

7/99: Proceed in EU

England	France	Germany
Ireland	Belgium	Switzerland

9. U.S. 5,585,087      Bermanian: Method of HandShaking in a Data  
1/5/99      Communication Bus
10. U.S. 5,809,258      Bermanian: Bus with High Gross Data Transfer Rate  
9/15/98
11. U.S. 5,778,058      Gavin: Method of establishing logical connections  
7/7/98      between a newly added interface port and  
already existing ones in a data communication  
network
12. U.S. 5,778,244      Putnins: Digital Signal Processing unit using digital  
7/7/98      signal processor array with recirculation (TX12)

PCT filed (all member countries)

10/2/97

13. U.S. 5,825,779                      Putnins: PBX networking with quality of service  
10/20/98                                      control (TX13)

PCT filed (all member countries)                                      10/2/97

14. U.S. 5,903,571                      Koepper: Distributed transit Private Branch Exchange  
5/11/99                                      (TX14)

PCT filed (all member countries) + Malaysia                                      10/2/97

15. U.S. 5,805,690                      Koepper: Method of Distributed Call Control in a  
9/8/98                                      Distributed PBX System (TX15)

PCT filed (all member countries) + Malaysia                                      10/2/97

Applications pending:

1. Len:    Wide Band Tracking Digital Locked Loop

Continuation application # 9/021,509                                      filed: 2/10/98  
abandoned original filed 3/94

No correspondence with PTO - 7/99 filing status inquiry

2. Scarangella:    Apparatus and Method for Converting Digital  
Words or Bytes of a given number of bits to bytes -  
of a difference number of bits (TX10)                                      filed: 10/7/96

Allowed, Issue fee paid 1/18/99 - waiting

PCT filed (all member countries)                                      10/2/97

3. Krakovyak:    Method and apparatus for TDM interrupt  
transmissions between multiple devices and a  
processor (TX20)                                      filed: 6/6/97

Allowed, Issue fee paid 5/20/99 - waiting

4. Krakovyak: Method and apparatus for using parasitic capacitances of a Printed Circuit Board as a temporary data storage medium working with a remote device (TX21)

filed: 6/6/97

Allowed, Issue fee paid

5. Solomon: Rate control of channels on a time division multiplex bus (TX18)

filed: 10/7/87

6. Zigras: Memory paging with rotating memory page (TX22)

filed: 11/4/97

7/99: Examiner to amend and will then allow

7/16/99 Update - Software Development & Licenses

~~1. Applied Telecom, Inc.~~  
~~3060 Ogden Avenue #300~~  
~~Lisle, IL 60532~~

SLI/CX

Dated: January 1999

License for derivatives

Licensed Application Chipset  
for module

XiLin x 4000  
PMC Series PM 7344  
PMC Series PM 4388

~~2. Baan USA, Inc.~~

Internal IT

Dated: March 31, 1998

(1) Software License & Support Agreement

non-assignment - asset sale, merger or consolidation  
needs prior written consent

(2) Interactive Software Systems, Inc.

Aurum: 60 users  
Safari 200 users

for DEC Alpha NT operating system - servers @ WCL and Langley

(3) Sale of Timeplex Network to Baan

@ 2/99 deployment suspended

\$2 million P.O. issued by Baan - \$960,868 order submitted  
balance - non-refundable prepayment

AD10/FR + AD10/FR-50 @ 20% discount  
Cables @ 5% discount  
All other: TBD

~~3.~~ Hewlett Packard Company

Replacement Agreement - HP OpenView

for UNIX  
for Windows NT  
for Windows

Use with SYNCHRONY NMS  
EMS 200  
CMA

Minimum quarterly payment: reduced to \$43,750 for 1999 (Amendment #2)

~~4.~~ Object Design, Inc.

Signed: 1998      Contract: VAR #TIM093098 - 01V

Initial 3 years - 200 runtime copies @ \$100,000 prepaid  
additional copies @ \$500 per copy

Thereafter: minimum annual commitment \$50,000 unless otherwise agreed.

Non-Assignable

~~5.~~ Opticom, Inc.

License for: ExecutiveView  
EIS Asset View  
EIS Y2K View

Use to prepare Reports - identification of SNMP addressable devices  
and advice as to Y2K compliance of model/revision

Timeplex to pay royalty per report prepared for customer

Timeplex to serve as subcontractor for Opticom

✓ 6. Rapid Logic, Inc.

1040 Marina Village Parkway  
Alameda, CA 94501

SLI/CX

Dated: November 16, 1998

WEBCONTROL License - perpetual \$45,000

Internal use - SLI, Ijamsville, Md.  
designated environment: CPU - Motorola 68K  
RTOS - US  
Product Line: CX family

Windows 95/Windows NT 4.0 computer

Maintenance \$6,750 initial year  
Additional porting: \$1,500 per day charge

✓ 7. Mariner Networks, Inc. (wholly-owned subsidiary of Odetics, Inc.)

1585 S. Manchester Avenue  
Anaheim CA

Technology Development Contract - dated: 11/15/98

Develop, integrate and test Frame Relay to ATM Internetworking module  
(SLI FRAIM Assembly) using Mariner FRAIM technology and incorporating  
SLI CX circuitry on PCB

12 month time period - fixed price of \$34,000

Design to fit SLI PCB factor ... SLI retains all IP rights to SLI circuitry  
incorporated as part of SLI FRAIM Assembly - Mariner to own source  
code and object code plus design documentation, all data prepared by  
Mariner.

Not assignable as part of sale of business or by merger, consolidation or  
reorganization without prior written consent.

NOTE: Related FRAIM Purchase Agreement - Mariner to manufacture  
and sell SLI FRAIM Assembly to SLI. SLI to sell CUBIT PRO chips to Mariner  
@ \$76.00 ... Assembly price adjusted if more than \$76.00 ...

SLI to provide metal front panels and hardware to mount Assembly

Unit price: Motherboard	\$2,600
+ 200	\$2,400
Daughterboard	\$ 700
+200	\$ 600