

10-23-2002

Atty. Dkt. No. 999999-99

FORM PTO-1595 (modified)

(Rev 6-93)



U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office

FR SHEET

102258363
PATENTS ONLY

To the Director of the United States Patent and Trademark Office: Please record the attached original documents or copies thereof.

1. Name of conveying party(ies):

Terion, Inc.



Additional conveying party(ies)

NO

2. Name and address of receiving party(ies):

George Mills, Jr. as Trustee Under Liquidating
Trust Agreement for Terion Class 4 and 5 Creditors
C/O Mark Wolfson
Foley & Lardner
100 North Tampa Street, Suite 2700
Tampa, FL 33601-3391

3. Nature of conveyance:

SECURITY AGREEMENT

Execution Date:

August 30, 2002

Additional name(s) & address(es) attached? NO

4. Application number(s) or patent number(s): 5

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

A. Patent Application Number(s):

5,640,442; 5,734,963; 5,765,112; 5,995,804, and 6,075,496

See attached Exhibit B

B. Patent Number(s):

09/296,012; 09/595,669; 09/429,453, and 60/199,953

See attached Exhibit B

Additional numbers attached? YES

5. Name and address of party to whom correspondence
concerning document should be mailed:Mark Wolfson
FOLEY & LARDNER
100 North Tampa Street, Suite 2700
Tampa, FL 33601-3391

6. Total number of applications/patents involved: 9

7. Total fee (37 C.F.R. § 3.41): \$360.00

☒ Check Enclosed

Charge to deposit account

8. Deposit account number: 19,0741

DO NOT USE THIS SPACE

9. Statement and signature:

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. The Commissioner is hereby authorized to charge any additional recordation fees which may be required in this matter to the above-identified deposit account.

Mary C. Till

Name of person signing

Signature

October 17, 2002
Date

Total number of pages including cover sheet, attachments, and document: 24

10/22/2002 6TON11 00000174 5640442

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PATENT
REEL: 013392 FRAME: 0535

SUBORDINATED SECURITY AGREEMENT

THIS SUBORDINATED SECURITY AGREEMENT (this "Agreement") is made and entered into as of the 30 day of August, 2002, by and among TERION, INC., a Delaware corporation (the "Borrower"), having its chief executive offices at 420 North Wickham Road, Melbourne, Florida 32935, and George E. Mills, Jr., not individually, but solely as Trustee under Liquidating Trust Agreement for Class 4 and Class 5 Creditors (including his successors as such Trustee, the "Trustee").

RECITAL:

The Borrower has issued and delivered or will issue and deliver to the Trustee for the benefit of the Class 4 Holders under the Junior Purchase Agreement (as defined below) a Junior Secured Contingent Promissory Note in the principal amount of \$1,750,000 or 2,000,000, as per the Plan (the "Contingent Note"). The Borrower has agreed to grant a security interest in and to the Collateral (as defined below) on the terms and conditions set forth in this Agreement and the Intercreditor Subordination Agreement dated as of the date hereof between the Trustee (on behalf of the Class 4 Holders), the Senior Lenders and the Borrower (the "Subordination Agreement").

NOW, THEREFORE, for and in consideration of the Debt (as defined in this Agreement), and of the premises and intending to be legally bound, the parties covenant and agree as follows:

1. Definitions. In addition to the words and terms defined elsewhere in this Agreement, capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings ascribed to such terms (i) below in this Section 1 or (ii) in the Borrower's Plan of Reorganization filed July 11, 2002 (the "Plan") with the United States Bankruptcy Court for the Middle District of Florida, Orlando Division (the "Court").

"Accounts" shall have the meaning given to that term in the Code and shall include without limitation all rights of the Borrower, whenever acquired, to payment for goods sold or leased or for services rendered, whether or not earned by performance.

"Chattel Paper" shall have the meaning given to that term in the Code and shall include without limitation all writings owned by the Borrower, whenever acquired, which evidence both a monetary obligation and a security interest in or a lease of specific goods.

"Class 4 Holders" shall mean the Holders of Class 4 Claims.

"Code" shall mean the Uniform Commercial Code as in effect on the date of this Agreement and as amended from time to time, of the state or states having jurisdiction with respect to all or any portion of the Collateral from time to time.

"Collateral" shall mean all tangible and intangible assets of Borrower, including, without limitation, collectively the Accounts, Chattel Paper, Deposit Accounts, Documents, Equipment, Fixtures, General Intangibles, Instruments, Inventory, Investment Property and Proceeds of each of them.

"Committee" means the Official Committee of Unsecured Creditors of Terion, Inc. appointed by the United States Trustee in the Case.

"Debt" shall mean (i) all indebtedness, both principal and interest, of the Borrower to the Trustee now or after the date of this Agreement evidenced by the Contingent Note, (ii) all costs and expenses incurred by the Trustee in the collection of any of the indebtedness described in this paragraph or in connection with the enforcement of any of the duties and obligations of the Borrower to the Trustee described in this paragraph, including reasonable attorneys' and paralegals' fees and expenses, and (iii) all future advances made by the Trustee for the maintenance, protection, preservation or enforcement of, or realization upon, the Collateral or any portion of the Collateral, including advances for storage, transportation charges, taxes, insurance, repairs and the like.

"Deposit Accounts" shall have the meaning given to that term in the Code and shall include a demand, time, savings, passbook or similar account maintained with a bank, savings bank, savings and loan association, credit union, trust company or other organization that is engaged in the business of banking.

"Documents" shall have the meaning given to that term in the Code and shall include without limitation all warehouse receipts (as defined by the Code) and other documents of title (as defined by the Code) owned by the Borrower, whenever acquired.

"Driver Datacom Assets" shall mean certain assets used by Borrower in connection with its business of developing, marketing and selling "in-cab" mobile communications products designed to provide customers with access to data from such customers' trucking assets that is transmitted and delivered via the proprietary digital high frequency/FM-based radio communication network operated by Borrower.

"Equipment" shall have the meaning given to that term in the Code and shall include without limitation all goods owned by the Borrower, whenever acquired and wherever located, used or brought for use primarily in the business or for the benefit of the Borrower and not included in Inventory of the Borrower, together with all attachments, accessories and parts used or intended to be used with any of those goods or Fixtures, whether now or in the future installed therein or thereon or affixed thereto, as well as all substitutes and replacements thereof in whole or in part.

"Event of Default" shall mean (i) any of the Events of Default described in the Contingent Note or the Loan Documents, or (ii) any default by the Borrower in the performance of its obligations under this Agreement.

"Fixtures" shall have the meaning given to that term in the Code, and shall include without limitation leasehold improvements.

"General Intangibles" shall have the meaning given to that term in the Code and shall include, without limitation, all leases under which the Borrower now or in the future leases and or obtains a right to occupy or use real or personal property, or both, all of the other contract rights of the Borrower, whenever acquired, and customer lists, choses in action, claims (including claims for indemnification), books, records, patents, copyrights, trademarks, blueprints, drawings, designs and plans, trade secrets, methods, processes,

contracts, licenses, license agreements, formulae, tax and any other types of refunds, returned and unearned insurance premiums, rights and claims under insurance policies, and computer information, software, records and data, now owned or acquired after the date of this Agreement by the Borrower.

"Instrument" shall have the meaning given to that term in the Code and shall include, without limitation, all negotiable instruments (as defined in the Code), all certificated securities (as defined in the Code) and all other writings which evidence a right to the payment of money now or after the date of this Agreement owned by the Borrower.

"Intercreditor Subordination Agreement" shall mean the Intercreditor Subordination Agreement to be dated the Effective Date between the Borrower, the Trustee and the holders of Senior Secured Promissory Notes.

"Inventory" shall have the meaning given to that term in the Code and shall include without limitation all goods owned by the Borrower, whenever acquired and wherever located, held for sale or lease or furnished or to be furnished under contracts of service, and all raw materials, work in process and materials owned by the Borrower and used or consumed in the Borrower's business, whenever acquired and wherever located.

"Investment Property," "Securities Intermediary" and "Commodities Intermediary" each shall have the meaning set forth in the Code.

"Junior Purchase Agreement" shall mean the Junior Note, Stock Purchase and Assignment Agreement of even date herewith among the Borrower, the Trustee and the Committee.

"Loan Documents" shall mean collectively, this Agreement, the Contingent Note, the Junior Purchase Agreement and the Subordination Agreement, and all other agreements, documents and instruments executed and delivered in connection herewith, as each may be amended, supplemented or modified from time to time.

"Permitted Liens" shall mean (i) all liens on the assets of the Borrower existing on or prior to the date of this Agreement and not cancelled by the terms of the Plan as confirmed by the Confirmation Order, (ii) all purchase money liens or security interests incurred by the Borrower after the date of this Agreement in the ordinary course of business, which purchase money liens or security interest shall be limited to the amount of the purchase and the specific collateral purchased, and (iii) a senior security interest in the Collateral granted as security for Borrower's obligations to the Senior Lenders under the Senior Loan Documents.

"Proceeds" shall have the meaning given to that term in the Code and shall include without limitation whatever is received when Collateral or Proceeds are sold, exchanged, collected or otherwise disposed of, whether cash or non-cash, and includes without limitation proceeds of insurance payable by reason of loss of or damage to Collateral.

"Secured Promissory Note and Purchase Agreement" shall mean the Secured Promissory Note and Stock Purchase Agreement dated August 13, 2002, between Borrower and certain investors listed on Schedule 1.1 thereto.

"Security Agreement" shall mean the Security Agreement to be dated the Effective Date between the Borrower and the holders of Senior Secured Promissory Notes.

"Senior Indebtedness" shall mean the principal of, and premium, if any, and interest on, and all costs and expense in connection with the Senior Secured Promissory Notes.

"Senior Secured Promissory Notes" shall mean Senior Secured Notes of the Company payable to the holders of Senior Indebtedness.

"Senior Loan Documents" shall mean collectively, the Secured Promissory Note and Purchase Agreement, the Senior Secured Promissory Notes, the Security Agreement, the Intercreditor Subordination Agreement and all other agreements, documents and instruments executed and delivered in connection therewith, as each may be amended, supplemented or modified from time to time.

2. Security Interest. As security for the full and timely payment of the Debt in accordance with the terms of the Debt and the performance of the obligations of the Borrower under the Contingent Note and this Agreement, the Borrower agrees that the Trustee shall have, and the Borrower grants and conveys to and creates in favor of the Trustee, a security interest under the Code in and to such of the Collateral as is now owned or acquired after the date of this Agreement by the Borrower. The security interest granted to the Trustees in this Agreement shall be a first priority security interest in the Collateral, prior and superior to the rights of all third parties in the Collateral arising from and after the date of this Agreement, but subject and subordinated to the Permitted Liens and except as set forth in Section 11 below.

3. Provisions Applicable to the Collateral. The parties agree that the following provisions shall be applicable to the Collateral:

(a) The Borrower covenants and agrees that at all times during the term of this Agreement it shall keep accurate and complete books and records concerning the Collateral that is now owned or acquired after the date of this Agreement by the Borrower.

(b) The Trustee, or its representative shall have the right, upon reasonable prior written notice to the Borrower and during the regular business hours of the Borrower, to examine and inspect the Collateral and to review the books and records of the Borrower concerning the Collateral that is now owned or acquired after the date of this Agreement by the Borrower and to copy the same and make excerpts therefrom; *provided*, however, that from and after the occurrence of an Event of Default, the rights of inspection and entry shall be subject to the requirements of the Code.

(c) The Borrower shall at all times during the term of this Agreement keep the Equipment, Inventory and Fixtures that are now owned or acquired after the date of this Agreement by the Borrower at its various locations or, upon written notice to the Trustees, or to the Trustee on their behalf, at such other locations for which the Trustee has filed financing statements, and at no other location without 20 days' prior written notice to the Trustee, except that the Borrower shall have the right until one or more Events of Default shall occur to sell or otherwise dispose of Inventory and other Collateral in the ordinary course of business.

(m) Borrower will cooperate with the Trustee, at Borrower's expense, in perfecting Trustee's security interest in any of the Collateral, including the execution of any control agreement(s) required in order to perfect Trustee's security interest in the Deposit Accounts.

(n) The Trustee may file any necessary financing statements and other documents the Trustee deems necessary in order to perfect Trustee's security interest without Borrower's signature. Borrower grants to the Trustee a power of attorney for the sole purpose of executing any documents on behalf of Borrower which the Trustee deems necessary to perfect the Trustee's security interest. Such power, coupled with an interest is irrevocable.

(o) The Borrower will not change the state in which it is organized without providing the Trustee with at least thirty (30) days' prior written notice.

4. Actions with Respect to Accounts. The Borrower irrevocably makes, constitutes and appoints the Trustee its true and lawful attorney-in-fact with power to sign its name and to take any of the following actions after the occurrence and prior to the cure of an Event of Default, at any time without notice to the Borrower and at the Borrower's expense:

(a) Verify the validity and amount of, or any other matter relating to, the Collateral by mail, telephone, telegraph or otherwise;

(b) Notify all account debtors that the Accounts have been assigned to the Trustee and that the Trustee has a security interest in the Accounts;

(c) Direct all account debtors to make payment of all Accounts directly to the Trustee;

(d) Take control in any reasonable manner of any cash or non-cash items of payment or proceeds of Accounts;

(e) Receive, open and dispose of all mail addressed to the Borrower;

(f) Take control in any manner of any rejected, returned, stopped in transit or repossessed goods relating to Accounts;

(g) Enforce payment of and collect any Accounts, by legal proceedings or otherwise, and for such purpose the Trustee may:

- (1) Demand payment of any Accounts or direct any account debtors to make payment of Accounts directly to the Trustee;
- (2) Receive and collect all monies due or to become due to the Borrower pursuant to the Accounts;
- (3) Exercise all of the Borrower's rights and remedies with respect to the collection of Accounts;

- (4) Settle, adjust, compromise, extend, renew, discharge or release Accounts in a commercially reasonable manner;
- (5) Sell or assign Accounts on such reasonable terms, for such reasonable amounts and at such reasonable times as the Trustee reasonably deems advisable;
- (6) Prepare, file and sign the Borrower's name or names on any Proof of Claim or similar documents in any proceeding filed under federal or state bankruptcy, insolvency, reorganization or other similar law as to any account debtor;
- (7) Prepare, file and sign the Borrower's name or names on any notice of lien, claim of mechanic's lien, assignment or satisfaction of lien or mechanic's lien or similar document in connection with the Collateral;
- (8) Endorse the name of the Borrower upon any chattel papers, documents, instruments, invoices, freight bills, bills of lading or similar documents or agreements relating to Accounts or goods pertaining to Accounts or upon any checks or other media of payment or evidence of a security interest that may come into the Lenders, possession;
- (9) Sign the name of the Borrower to verifications of Accounts and notices of Accounts sent by account debtors to the Borrower; or
- (10) Take all other actions that the Trustee reasonably deems to be necessary or desirable to protect the Borrower's interest in the Accounts.

(h) Negotiate and endorse any Document in favor of the Trustee or its designee, which constitutes Collateral, and related documents for the purpose of carrying out the provisions of this Agreement and taking any action and executing in the name of Borrower any instrument which the Trustee may reasonably deem necessary or advisable to accomplish the purpose hereof. Without limiting the generality of the foregoing, the Trustee shall have the right and power to receive, endorse and collect checks and other orders for the payment of money made payable to the Borrower representing any payment or reimbursement made under, pursuant to or with respect to, the Collateral or any part thereof and to give full discharge to the same.

The Borrower ratifies and approves all acts of said attorney and agrees that said attorney shall not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law, except for said attorney's own gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable until the Debt is paid in full (at which time this power shall terminate in full). The Borrower further agrees to use its reasonable efforts to assist the Trustee in the collection and enforcement of the Accounts and will not hinder, delay or impede the Trustee in any manner in their collection and enforcement of the Accounts.

5. Preservation and Protection of Security Interest. The Borrower represents and warrants that it has, and covenants and agrees that at all times during the term of this Agreement, it

will have, good and marketable title to the Collateral from time to time owned or acquired by it free and clear of all mortgages, pledges, liens, security interests, charges or other encumbrances, except for the Permitted Liens and those junior in right of payment and enforcement to that of the Trustee or in favor of the Trustee, and shall defend the Collateral against the claims and demands of all persons, firms and entities whomsoever. The Borrower represents and warrants that as of the date of this Agreement the Trustee has, and that all times in the future the Trustee will have, a perfected security interest in the Collateral, prior and superior to the rights of all third parties in the Collateral existing on the date of this Agreement or arising after the date of this Agreement, subject to the Permitted Liens. Except as permitted by this Agreement, the Borrower covenants and agrees that it shall not, without the prior written consent of the Trustee (i) borrow against the Collateral or any portion of the Collateral from any other person, firm or entity, except for the Senior Indebtedness and except for borrowings which are subordinate to the rights of the Trustee hereunder, (ii) grant or create or permit to attach or exist any mortgage, pledge, lien, charge or other encumbrance, or security interest on, of or in any of the Collateral or any portion of the Collateral except those in favor of the Trustee, the Permitted Liens or those junior in right of payment and enforcement to that of the Trustee, (iii) permit any levy or attachment to be made against the Collateral or any portion of the Collateral, except those that are subordinate to the rights of the Trustee and those subject to the Permitted Liens, or (iv) permit any financing statements to be on file with respect to any of the Collateral, except financing statements in favor of the Trustee, those with respect to the Permitted Liens or those junior in right of payment and enforcement to that of the Trustee. The immediately preceding sentence notwithstanding, the Borrower shall have the right to grant a first lien security interest in the Collateral as necessary to obtain Senior Indebtedness. The Borrower shall faithfully preserve and protect the Trustee's security interest in the Collateral and shall, at its own cost and expense, cause, or assist the Trustee to cause that security interest to be perfected and continue perfected so long as the Debt or any portion of the Debt is outstanding, unpaid or executory. For purposes of the perfection of the Trustee's security interest in the Collateral in accordance with the requirements of this Agreement, the Borrower shall from time to time at the request of the Trustee file or record, or cause to be filed or recorded, such instruments, documents and notices, including assignments, financing statements and continuation statements, as the Trustee may reasonably deem necessary or advisable from time to time in order to perfect and continue perfected such security interest. The Borrower shall do all such other acts and things and shall execute and deliver all such other instruments and documents, including further security agreements, pledges, endorsements, assignments and notices, as the Trustee, in its discretion may reasonably deem necessary or advisable from time to time in order to perfect and preserve the priority of such security interest as a first lien security interest in the Collateral prior to the rights of all third persons, firms and entities, subject to the Permitted Liens and except as may be otherwise provided in this Agreement. The Borrower agrees that a carbon, photographic or other reproduction of this Agreement or a financing statement is sufficient as a financing statement and may be filed instead of the original.

6. Insurance. Risk of loss of, damage to or destruction of the Equipment, Inventory and Fixtures is on the Borrower. The Borrower shall insure the Equipment, Inventory and Fixtures against such risks and casualties and in such amounts and with such insurance companies as is ordinarily carried by corporations or other entities engaged in the same or similar businesses and similarly situated or as otherwise reasonably required by the Trustee in its sole discretion. In the event of loss of, damage to or destruction of the Equipment, Inventory or Fixtures during the term of this Agreement, the Borrower shall promptly notify Trustee of such loss, damage or destruction. At the reasonable request of the Trustee, each of the Borrower's policies of insurance shall contain loss payable clauses in favor of the Borrower and the Trustee as their respective interests may appear and shall contain provision for notification of the Trustee thirty (30) days prior to the termination of such policy. At the request of the Trustee, copies of all such policies, or certificates evidencing the same,

shall be deposited with the Trustee. If the Borrower fails to effect and keep in full force and effect such insurance or fails to pay the premiums when due, the Trustee may (but shall not be obligated to) do so for the account of the Borrower and add the cost thereof to the Debt. The Trustee is irrevocably appointed attorneys-in-fact of the Borrower to endorse any draft or check which may be payable to the Borrower in order to collect the proceeds of such insurance. Unless an Event of Default has occurred and is continuing, the Trustee will turn over to the Borrower the proceeds of any such insurance collected by them on the condition that the Borrower apply such proceeds either (i) to the repair of damaged Equipment, Inventory or Fixtures, or (ii) to the replacement of destroyed Equipment, Inventory or Fixtures with Equipment, Inventory or Fixtures of the same or similar type and function and of at least equivalent value (in the sole judgment of the Trustee) , *provided* such replacement Equipment, Fixtures or Inventory is made subject to the security interest created by this Agreement and constitutes a first lien security interest in the Equipment, Inventory and Fixtures subject only to Permitted Liens and other security interests permitted under this Agreement, and is perfected by the filing of financing statements in the appropriate public offices and the taking of such other action as may be necessary or desirable in order to perfect and continue perfected such security interest. Any balance of insurance proceeds remaining in the possession of the Trustee after payment in full of the Debt shall be paid over to the Borrower or its order.

7. Maintenance and Repair. The Borrower shall maintain the Equipment, Inventory and Fixtures, and every portion thereof, in good condition, repair and working order, reasonable wear and tear alone excepted, and shall pay and discharge all taxes, levies and other impositions assessed or levied thereon as well as the cost of repairs to or maintenance of the same. If the Borrower fails to do so, the Trustee may (but shall not be obligated to) pay the cost of such repairs or maintenance and such taxes, levies or impositions for the account of the Borrower and add the amount of such payments to the Debt.

8. Preservation of Rights Against Third Parties; Preservation of Collateral in Trustee's Possession. Until such time as the Trustee exercises its right to effect direct collection of the Accounts and the Chattel Paper and to effect the enforcement of the Borrower's contract rights, the Borrower assumes full responsibility for taking any and all commercially reasonable steps to preserve rights in respect of the Accounts and the Chattel Paper and its contracts against prior parties. The Trustee shall be deemed to have exercised reasonable care in the custody and preservation of such of the Collateral as may come into their possession from time to time if the Trustee takes such action for that purpose as the Borrower shall request in writing, *provided* that such requested action shall not, in the judgment of the Trustee, impair the Trustee's security interest in the Collateral or their right in, or the value of, the Collateral, and *provided* further that the Trustee receive such written request in sufficient time to permit the Trustee to take the requested action. The Trustee shall have no duty or obligation to follow Borrower's instructions but may sell or liquidate the Collateral in its sole discretion.

9. Events of Default and Remedies.

(a) If any one or more of the Events of Default shall occur or shall exist, the Trustee may then, or at any time thereafter, so long as such default shall continue, foreclose the lien or security interest in the Collateral in any way permitted by law, or upon fifteen (15) days prior written notice to the Borrower, sell any or all Collateral at private sale at any time or place in one or more sales, at such price or prices and upon such terms, either for cash or on credit, as the Trustee in its sole discretion, may elect, or sell any or all Collateral at public auction, either for cash or on credit, as the Trustee, in its sole discretion, may elect, and at any such sale, the Trustee may bid for and become the purchaser of any or all such Collateral. Pending any such action the Trustee may liquidate the

Collateral. The Trustee shall have no duty or obligation to follow Borrower's instructions but may sell or liquidate the Collateral in his discretion.

(b) If any one or more of the Events of Default shall occur or shall exist, the Trustee may then, or at any time thereafter, so long as such default shall continue, grant extensions to, or adjust claims of, or make compromises or settlements with, debtors, guarantors or any other parties with respect to Collateral or any securities, guarantees or insurance applying thereon, without notice to or the consent of the Borrower, without affecting the Borrower's liability under this Agreement or the Notes. The Borrower waives notice of acceptance, of nonpayment, protest or notice of protest of any Accounts or Chattel Paper or any of its contract rights and any other notices to which the Borrower may be entitled.

(c) If any one or more of the Events of Default shall occur or shall exist and be continuing, then in any such event, the Trustee shall have such additional rights and remedies in respect of the Collateral or any portion thereof as are provided by the Code and such other rights and remedies in respect thereof which they may have at law or in equity or under this Agreement, including without limitation the right to enter any premises where Equipment, Inventory and/or Fixtures are located and take possession and control thereof without demand or notice and without prior judicial hearing or legal proceedings, which the Borrower expressly waives.

(d) The Trustee shall apply the Proceeds of any sale or liquidation of the Collateral, and, subject to Section 6, any Proceeds received by the Trustee from insurance, first to the payment of the reasonable costs and expenses incurred by the Trustee in connection with such sale or collection, including without limitation reasonable attorneys' fees and legal expenses, second to the payment of the Debt, whether on account of principal or interest or otherwise as the Trustee, in its sole discretion may elect, and then to pay the balance, if any, to the Borrower or as otherwise required by law. If such Proceeds are insufficient to pay the amounts required by law, the Borrower shall be liable for any deficiency.

(e) Upon the occurrence of any Event of Default, the Borrower shall promptly upon written demand by the Trustee assemble the Equipment, Inventory and Fixtures and make them available to the Trustee at a place or places to be designated by the Trustee. The rights of the Trustee under this paragraph to have the Equipment, Inventory and Fixtures assembled and made available to them is of the essence of this Agreement and the Trustee may, at its election, enforce such right by an action in equity for injunctive relief or specific performance, without the requirement of a bond.

10. Defeasance. Notwithstanding anything to the contrary contained in this Agreement upon payment and performance in full of the Debt, this Agreement shall terminate and be of no further force and effect and the Trustee shall thereupon terminate its security interest in the Collateral. Until such time, however, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns, *provided* that, without the prior written consent of the Trustee, the Borrower may not assign this Agreement or any of its rights under this Agreement or delegate any of its duties or obligations under this Agreement and any such attempted assignment or delegation shall be null and void. This Agreement is not intended and shall not be construed to obligate the Trustee to take any action whatsoever with respect to the Collateral or to incur expenses or perform or discharge any obligation, duty or disability of the Borrower.

11. Subordination.

(a) Notwithstanding any other term or provision of this Agreement to the contrary, the security interest granted hereby is expressly junior and subordinate to the security interest granted by Borrower to secure the Senior Indebtedness. At the sole cost and expense of Borrower, the Trustee and the Class 4 Holders shall be obligated to execute from time to time any subordination agreement(s) the Borrower and the holders of Senior Indebtedness may reasonably request to better reflect the aforesaid subordination of the Contingent Notes to any Senior Indebtedness. Notwithstanding the foregoing, the Borrower shall make payments of the principal of the Contingent Notes, if at the time of payment, and immediately after giving effect thereto, (i) there exists no default in any payment with respect to any Senior Indebtedness and (ii) there shall not have occurred an event of default with respect to any Senior Indebtedness, as defined in the instrument under which the same is outstanding, permitting the holders thereof to accelerate the maturity thereof, other than an event of default which shall have been cured or waived or shall have ceased to exist.

(b) The Trustee agrees that the subordination effected hereby is for the benefit of the holders of Senior Indebtedness from time to time, and that each holder of Senior Indebtedness, whether now outstanding or hereafter created, incurred, assumed or guaranteed shall be deemed to have acquired Senior Indebtedness in reliance upon the covenants and provisions contained herein. The subordination effected hereby shall be enforceable by each holder of Senior Indebtedness from time to time. Subject to the rights of the holders of Senior Indebtedness under this Section 11, nothing contained in this Section 11 shall impair, as between the Borrower and the holder of the Contingent Note, subject to the terms hereof, the right of Borrower to pay the holders of the Contingent Note the principal thereon as and when the same becomes due and payable, or shall prevent the holder of the Contingent Note, upon default thereunder, from exercising all rights, powers and remedies otherwise provided in the Contingent Note or in this Agreement or by applicable law.

12. Representations and Warranties of Borrower. The Borrower represents and warrants that: (a) its name is "Terion, Inc."; (b) its state of incorporation is Delaware; (c) it has the full authority to enter into and fully perform its obligations under this Agreement; (d) it shall comply with all applicable laws and regulations applicable to its activities in furtherance of this Agreement; (e) the execution, delivery and performance of this Agreement by Borrower does not conflict with or breach any separate agreement to which it is a party and/or by which it is bound, and (f) other than the Confirmation Order of the Court, no governmental approvals, licenses or permits are required with respect to the transactions contemplated by this Agreement.

13. Miscellaneous.

(a) The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall for any reason be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or any other provision of this Agreement in any jurisdiction.

(b) No failure or delay on the part of the Trustee in exercising any right, remedy, power or privilege under this Agreement and the Contingent Note shall operate as a waiver thereof or of any other right, remedy, power or privilege of the Trustee under this Agreement, the Contingent Note or any of the other Loan Documents; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other right, remedy, power or privilege or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers

and privileges of the Trustee under this Agreement, the Contingent Note and the other Loan Documents are cumulative and not exclusive of any rights or remedies which they may otherwise have.

(c) All notices, statements, requests and demands given to or made upon either party in accordance with the provisions of this Agreement shall be deemed to have been given or made when personally delivered or when deposited in the United States mail, postage prepaid or with private overnight courier service, charges prepaid, addressed, if to the Borrower, to Terion, Inc., 6506 Windcrest Drive, Plano, Texas 75024, Attention: President, and if to the Trustee, to the address listed on the signature page, or in accordance with the latest unrevoked written direction from either party to the other party.

(d) The section headings contained in this Agreement are for reference purposes only and shall not control or affect its construction or interpretation in any respect.

(e) Unless the context otherwise requires, all terms used in this Agreement which are defined by the Code shall have the meanings stated in the Code.

(f) The Code shall govern the settlement, perfection and the effect of attachment and perfection of the Trustee's security interest in the Collateral, and the rights, duties and obligations of the Trustee and the Borrower with respect to the Collateral. This Agreement shall be deemed to be a contract under the laws of the State of Delaware and the execution and delivery of this Agreement and, to the extent not inconsistent with the preceding sentence, the terms and provisions of this Agreement shall be governed by and construed in accordance with the laws of that State.

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

(i) This Agreement (along with the provisions of the Plan specifically dealing with the subject matter of this Agreement) constitutes the entire agreement between the Borrower and the Trustee with respect to the matters recited herein and supersedes all prior communications, representations, understandings and agreements of the Borrower and the Trustee with respect to the subject matter hereof, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Plan, the terms and provisions of this Agreement shall prevail and control.

(j) This Agreement may be amended (or a provision hereof waived) only by a written instrument signed by the Company and Trustee.

(k) THE PARTIES HERETO HEREBY KNOWINGLY AND VOLUNTARILY WAIVE ANY RIGHT WHICH ANY OF THEM MAY HAVE TO RECEIVE A TRIAL BY JURY WITH RESPECT TO ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH MAY AT ANY TIME ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE SUBJECT MATTER HEREOF. UNTIL SUCH TIME AS CASE NUMBER 02-00589-6J1 INITIATED BY THE COMPANY UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE, 11 U.S.C. §101 ET SEQ. IN THE COURT IS CLOSED, EACH OF THE PARTIES HERETO (I) HEREBY KNOWINGLY AND VOLUNTARILY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE COURT AND (II) HEREBY AGREES THAT ALL CLAIMS, CONTROVERSIES OR DISPUTES WHICH MAY AT ANY TIME ARISE OUT OF THIS AGREEMENT OR THE SUBJECT MATTER

HEREOF SHALL BE HEARD AND DETERMINED SOLELY IN THE COURT. THEREAFTER, WITH RESPECT TO ALL CLAIMS, CONTROVERSIES OR DISPUTES WHICH MAY AT ANY TIME ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE SUBJECT MATTER HEREOF AND THAT INVOLVE THE TRUSTEE, EACH OF THE PARTIES HERETO (I) HEREBY KNOWINGLY AND VOLUNTARILY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL OR STATE COURTS LOCATED IN ORANGE COUNTY, FLORIDA, (II) HEREBY AGREES THAT SUCH CLAIMS, CONTROVERSIES OR DISPUTES SHALL BE HEARD AND DETERMINED SOLELY IN SUCH COURTS, (III) HEREBY AGREES AND ACKNOWLEDGES THAT THERE IS SUFFICIENT NEXUS TO SUCH COURTS FOR JURISDICTION, AND (IV) HEREBY WAIVES ANY OBJECTIONS TO VENUE OR INCONVENIENT FORUM OR ANY OTHER OBJECTIONS OR DEFENSES TO SUCH COURTS.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed and delivered this Agreement as of the day and year set forth at the beginning of this Agreement.

BORROWER:

TERION, INC.

By: 

Name: KENNETH CRANSTON
(Print or Type Name)

Title: PRESIDENT
(Print or Type Title)

TRUSTEE:



GEORGE E. MILLS, JR., as Trustee under
Liquidating Trust Agreement for Terion Class 4 and
Class 5 Creditors

TRUSTEE INFORMATION:

Address: 9334 Bay Vista Entaten Blvd., Orlando, FL 32836
Phone: (407) 352-0405
Fax: (407) 351-3462

EXHIBIT B

TERION, INC.

U.S. AND FOREIGN PATENTS AND DISCLOSURES

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
1	Low Cost Wide Area Network for Data Communications Using Outbound Message Specifying Inbound Message Time and Frequency	2293.1001-000 US	08/468,004	Flash Comm	6/6/95	5,765,112	6/9/98	<ul style="list-style-type: none"> US Patent issued Name change filed with PTO 12/8/00
	Low Cost Wide Area Network for Data Communications with Remote or Mobile Field Units	2293.1001-001 (Australia)	6249296	Flash Comm	5/22/96	704542	4/29/99	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-002 (Brazil)	PI96085312	Flash Comm	5/22/96			<ul style="list-style-type: none"> Inactive
		2293.1001-003 (Canada)	2222874	Flash Comm	5/22/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.1001-004 (Chile)	95196	Flash Comm	6/4/96			<ul style="list-style-type: none"> Awaiting answer from Chile Consulate for legalization of necessary name change documents
		2293.1001-005 (China)	961952385	Flash Comm	5/22/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-006 (EPC)	96921220.8	Flash Comm	5/22/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-007 (Eurasia)	EA970422US	Flash Comm	5/23/96	000414	4/23/99	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-009 (Hong Kong)	981132707	Flash Comm	5/22/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-010 (India)	1143DEL96	Flash Comm	5/28/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-011 (Mexico)	979568	Flash Comm	5/22/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1001-012 PCT	PCT/US96/07434	Flash Comm	5/22/96			<ul style="list-style-type: none"> PCT File

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.1001-013 (Venezuela)	94296	Flash Comm	6/13/96			• Name change instruction letter sent 1/15/01
		2293.1001-014 (Russia)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-015 (Belarus)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-016 (Kazakhstan)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-017 (Kyrgyzstan)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-018 (Moldova)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-019 (Tajikistan)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-020 (Turkmenistan)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01
		2293.1001-021 (Armenia)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	• Name change instruction letter sent 1/15/01

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.1001-022 (Azerbaijan)	EA970422US	Flash Comm	5/22/96	000414	4/23/99	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
2	Technique for Determining Propagating and Clear Frequency to be Used in Wide Area Wireless Data Communications Network	2293.1002-010 US	08/719,307	Flash Comm	9/24/96	5,640,442	6/17/97	<ul style="list-style-type: none"> US Patent issued Name change filed with PTO 12/8/00
	Determining Propagating and Clear Frequency in Wireless Data Communications Network	2293.1002-000 (Australia)	5972396	Flash Comm	6/3/96	705213	5/26/99	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1002-002 (Canada)	2222691	Flash Comm	6/3/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1002-003 (Chile)	94996	Flash Comm	6/4/96			<ul style="list-style-type: none"> Awaiting answer from Chile Consulate for legalization of necessary name change documents
		2293.1002-004 (EPC)	96917027.3	Flash Comm	6/3/96			<ul style="list-style-type: none"> Assignee name changed and confirmation dated 9/29/00

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.1002-006 (India)	1147DEL96	Flash Comm	5/28/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1002-007 (Mexico)	979560	Flash Comm	6/3/96	199272	10/25/00	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1002-008 PCT	PCT/US96/08472	Flash Comm	6/3/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1002-009 (Venezuela)	94196	Flash Comm	6/3/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
3	Remote Initiated Messaging Apparatus and Method in a Two Way Wireless Data Communications	2293.1003-000 US	08/471,980	Flash Comm	6/6/95	5,734,963	3/31/98	<ul style="list-style-type: none"> US Patent issued Name change filed with PTO 12/8/00
	Remote Initiated Messaging In A Wireless Data Communication Network	2293.1003-001 (Australia)	5969996	Flash Comm	6/3/96	704272	7/22/99	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1003-002 (Canada)	2222873	Flash Comm	6/3/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.1002-003 (Chile)	95293	Flash Comm	6/4/96			<ul style="list-style-type: none"> Awaiting answer from Chile Consulate for legalization of necessary name change documents
		2293.1003-004 (EPC)	96916995.2	Flash Comm	6/3/96			<ul style="list-style-type: none"> Assignee name changed and confirmation dated 8/14/00
		2293.1003-006 (India)	1145DEL96	Flash Comm	5/28/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1003-007 (Mexico)	979696	Flash Comm	6/3/96	193883	10/27/97	<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
		2293.1003-008 PCT	PCT/US96/08420		6/3/96			<ul style="list-style-type: none"> PCT File
		2293.1003-009 (Venezuela)	94496	Flash Comm	6/3/96			<ul style="list-style-type: none"> Name change instruction letter sent 1/15/01
4	Automatic Antenna Tuner for Low-Cost Mobile Radio	2293.1004-000 US	08/470,542	Flash Comm	6/6/95	5,589,844	12/31/96	<ul style="list-style-type: none"> U.S. Patent issued Name change filed with PTO 12/8/00
		2293.1004-002 PCT	PCT/US96/07428	Flash Comm	5/22/96			<ul style="list-style-type: none"> Inactive/Abandoned

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
5	Shunt Feed Antenna for Large Terrestrial Vehicles	2293.1005-000 US	08/784,817	Flash Comm	5/21/99	6,075,496	6/13/00	<ul style="list-style-type: none"> US Patent issued Name change filed with PTO 12/8/00
		2293.1005-002 PCT	PCT/US98/00728		1/14/98			<ul style="list-style-type: none"> Inactive
6	Covert Loop Antenna	See Item No. 14						<ul style="list-style-type: none"> See Item No. 14
7	Pager Antenna Concepts	2293.1007-000 US						<ul style="list-style-type: none"> Inactive
8	Repeater Station for Augmenting the Coverage Area of a Paging System	2293.1006-000 US	08/784,451	Flash Comm	1/16/97	5,995,804	11/30/99	<ul style="list-style-type: none"> US Patent issued Name change filed with PTO 12/8/00
9	Use of One Way Pager to Supplement Two-Way Paging or Messaging System	2293.1010-000 US						<ul style="list-style-type: none"> Closed 8/00
10	Filtering Mechanism for Band Limiting a Spread Spectrum Waveform Directly at High Frequencies	2293.1009-000 US						<ul style="list-style-type: none"> Inactive
11	Demodulator for Filtered Spread Spectrum HF Communications	2293.1008-000 US						<ul style="list-style-type: none"> Inactive

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
12	Station Acquisition and Handoff in a Broadcast Data Network	2293.1011-000 US						• Closed
13	Remote Electronic Lock-Down of Unmanned or Unpowered Mobile Assets	2293.1013-000 US		Terion				• Application draft in process
14	Under-vehicle Loop Antenna for the HF Band	2293.1012-000 US	09/296,012	Flash Comm	4/21/99			• Closed
		2293.1012-002 PCT	PCT/US00/10746		4/20/00			• Inactive
15	FM Subcarrier Protocol for Framed Data	2293.1014-001 US	09/595,669	Terion	6/19/00			• Application filed and awaiting first Office Action • Assignment filed 12/21/00
		2293.1014-003 (EPC)	00305478.0	Terion	6/29/00			• Application filed as Terion
16	Light Enclosure for Tractor/Trailer Incorporating Antenna and/or Radio Components	2293.2001-000 US	09/429,453	Terion	10/28/99			• Application filed and awaiting first Office Action • Assignment filed 12/21/00
		2293.2001-002 PCT	PCT/US00		10/13/00			• Application filed as Terion

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
		2293.2001-003 (Argentina)	P000105649	Terion	10/27/00			• Application filed as Terion
		2293.2001-004 (Chile)	29512000	Terion	10/27/00			• Application filed as Terion
		2293.2001-005 (Taiwan)	89122651	Terion	10/27/00			• Application filed as Terion
17	Propagation Sounder Using Burst Data Messages	2293.1015-000 US						• No disclosure yet received
18	Multi-rate Prediction Selection	2293.1016-000 US						• No disclosure yet received
19	Clear Channel Determination Algorithm	2293.1017-000 US						• Closed
20	Antenna Characterization Algorithm	2293.1018-000 US						• Prior art search complete
21	GPS/Cellular Unit Housed in Trailer Receptacle	2293.2002-000 US						• No disclosure yet received
22	Ultra Wideband Time Domain Pulse Signaling	2293.2003-000 US						• Closed 8/00
23	Dual Orthogonal Hybrid Walsh-PN Codes for CDMA Application in HF Modems	2293.2004-000 US		Terion				• Application filed 1/12/00

Item No.	Title of Application	HBSR Docket No.	S/N	Assignee	Filed	Pat. No.	Issue Date	Status
24	Intermodal Movement Status and Tracking for Semi-Trailers	2293.2005-000 US						<ul style="list-style-type: none"> • Inactive
25	Detection of Intermodal Movement Status of a Trailer	2293.2006-000 US	60/199,953	Terion	4/27/00			<ul style="list-style-type: none"> • Provisional application filed only • Assignment not filed
26	Quasi Orthogonal Hybrid Walsh-PN Codes for CDMA Application in a Variable Bit Rate HF Modems	2293.2007-000 US						<ul style="list-style-type: none"> • Application draft in process
27	Internet Asset Tracking and Monitoring for Rental Assets	2293.2008-000 US						<ul style="list-style-type: none"> • Application draft in process
28	High Resolution Tracking of Mobile Assets	2293.2009-000 US						<ul style="list-style-type: none"> • Application draft in process
29	Motion-Aided Power Management For Location Tracking	2293.2010-000 US						<ul style="list-style-type: none"> • Disclosure