

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

RECORDATION FORM COVER SHEET

PATENTS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached original documents or the new address(es) below.

1. Name of conveying party(ies)

Thornycroft, Giles & Co., Inc.

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

2. Name and address of receiving party(ies)

Name: David Smith

Internal Address:

Street Address: 68 Montadale Drive

City: Princeton

State: NJ

Zip: 08540

Country: USA

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) June 1, 2005

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Joint Research Agreement
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☐ Other

4. Application number(s) or patent number(s): ☐ This document is being filed together with a new application

A. Patent Application No.(s)

B. Patent No.(s)

5,080,032

5,129,343

5,231,946

5,832,856

Additional numbers attached? ☐ Yes ☒ No

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

Customer No.: 27557
 Blank Rome LLP
 600 New Hampshire Avenue, N.W.
 Washington, D.C. 20037
 Phone: 202-772-5800
 Fax: 202-572-8398

Attorney Docket No.: 810754-00001

6. Total number of applications and patents involved: 4

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 160.00

- ☐ Enclosed
☒ Authorized to be charged to deposit account
☐ None required (government interest not affecting title)

8. Deposit account number: 23-2185

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

9. Signature: Deborah Tomme

Signature

4/4/06

Date

Deborah Tomme

Name of Person Signing

Total number of pages including cover
Sheet, attachments, and documents:

14

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
 Mail Stop Assignment Recordation Services, Director of the USPTO, P. O. Box 1450, Alexandria, VA 22313-1450

CH \$160.00 232185 6080032

Attachment – Additional Receiving Parties

Richard P. Brown, Jr.
Morgan Lewis & Bockius
1701 Market Street
Philadelphia, PA 19103

John P. O'Connell
223 Cheshire Circle
West Chester, PA 19380

INTELLECTUAL PROPERTY COLLATERAL SECURITY AGREEMENT

This Intellectual Property Collateral Security Agreement is made as of June 1, 2005 (the "Security Agreement"), by and among FASTSHIP, INC., a Delaware corporation ("FSI"), THORNYCROFT, GILES & CO., INC., a Delaware corporation ("TGC," and along with FSI, collectively the "Debtors"), and the parties listed on Schedule A attached hereto, (the "Secured Parties").

RECITALS

WHEREAS, FSI executed and delivered to the Secured Parties those certain Convertible Notes Due May 31, 2008 (the "Notes"), in the aggregate amount of \$40,000 that are convertible into shares of common stock of FSI; and

WHEREAS, to induce the Secured Parties to provide the financing evidenced by the Notes, the Debtors have agreed to grant to the Secured Parties a security interest in certain intellectual property of the Debtors.

NOW, THEREFORE, in consideration of the foregoing promises, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

1. - Security Interest. To secure the complete and timely satisfaction of all obligations of FSI under the Notes, the Debtors grant to and create in favor of the Secured Parties a first priority security interest (the "Security Interest") in and to:

(a) the patent applications and patents of TGC listed in Schedule B, including without limitation all proceeds thereof, such as, by way of example and not limitation, license royalties and proceeds of infringement suits (collectively, the "Patents"); and

(b) the Intent-to-Use ("ITU") service mark applications of FSI listed in Schedule B, any registrations resulting therefrom, and any renewals of those registrations (collectively, the "Trademarks"), together with all of the goodwill of the business connected with the use thereof, and symbolized thereby, and including without limitation all proceeds thereof, such as, by way of example and not limitation, license royalties and proceeds of past, present, or future infringement or dilution, or for injury to the associated goodwill;

all the foregoing of which are collectively called "Collateral."

2. Representations and Warranties. The Debtors warrant and represent to the best of their knowledge and belief that:

(a) the Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and that each patent listed in Schedule B is valid and enforceable;

(b) they are the respective sole and exclusive owners of the entire and unencumbered right, title, and interest in and to each of the Patents and Trademarks, free

and clear of any liens, charges, and encumbrances, including without limitation pledges, assignments, licenses, shop rights, and covenants by the Debtors not to sue third parties;

(c) they have the unqualified right to enter into this Security Agreement and perform its terms and have entered and will enter into written agreements with each of their present and future employees, agents, and consultants which will enable them to comply with the covenants herein contained;

(d) they will, until all of FSI's liabilities arising under the Notes shall have been fully satisfied:

(i) prosecute diligently the patent applications and the trademark applications listed in Schedule B;

(ii) file with the U.S. Patent and Trademark Office ("PTO") all documents necessary to protect and preserve the Patents and Trademarks;

(iii) not enter into any agreement which is inconsistent with the Debtors' obligations under this Security Agreement, without the prior written consent of all of the Secured Parties; and

(iv) not sell, transfer, or dispose in any way any right, title, or interest in or to any of the Collateral;

(e) the Collateral listed in Schedule B represents all the patents and trademarks currently held by the Debtors that are instrumental in the development of the FastShip technology; and

(f) they will enforce their rights in the Collateral and will actively defend against any third party challenges to such rights.

The Debtors do not warrant that the Patents or Trademarks might not be declared invalid if challenged in court or that any pending trademark and patent applications will be successfully prosecuted. The Debtors have disclosed in Schedule B all known oppositions to their patent applications and all known trademarks substantially the same as the Trademarks. Any expenses incurred in connection with fulfilling the obligations assumed under this paragraph shall be borne by the Debtors.

3. Event of Default. An Event of Default by FSI under any of the Notes or failure of the Debtors to comply with this Security Agreement constitutes an ☐ Event of Default. ☐

4. Remedies.

(a) If any Event of Default shall have occurred and be continuing, the Secured Parties, or any one of them acting on behalf of the Secured Parties, shall have, in addition to all other rights and remedies given them by this Security Agreement, those rights allowed by law, and the rights and remedies of secured parties under the Uniform Commercial Code as enacted in any jurisdiction in which the Collateral may be located and, without limiting the

generality of the foregoing, the Secured Parties, or any one of them acting on behalf of all the Secured Parties, may immediately, without demand of performance and without other notice (except as set forth below) or demand whatsoever to the Debtors, all of which the Debtors expressly waive, and without advertisement, sell at public or private sale or otherwise realize upon the whole or from time to time any part of the Collateral or any interest which the Debtors may have therein, at such prices as an agent of the Secured Parties may deem best, and for cash or on credit or for future delivery, without assumption of any credit risk, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Debtors' liabilities under the Notes. Any remainder of the proceeds after payment in full of the liabilities shall be paid over to the Debtors. Notice of any sale or other disposition of the Collateral shall be given to the Debtors at least two weeks before the time of any intended public or private sale or other disposition of the Collateral is to be made, which the Debtors hereby agree shall be reasonable notice of such sale or other disposition. At any such sale or other disposition the rights of the Secured Parties are subject to the Debtors' right of redemption as provided by state law. At any sale or sales made pursuant to this Security Agreement, any Secured Party may bid for or purchase, free (to the fullest extent permitted by applicable law) from any claim or right of whatever kind, including any equity of redemption, of the Debtors, any such demand, notice, claim, right, or equity being hereby expressly waived and released, any part of or all of the Collateral offered for sale, and may make any payment on account thereof by using any claim for moneys then due and payable to the Secured Parties by the Debtors under the Notes or otherwise, as a credit against the purchase price. The Secured Parties shall in any such sale make no representations or warranties with respect to the Collateral or any part thereof, and none of the Secured Parties shall be chargeable with any of the obligations or liabilities of the Debtors. The Debtors hereby agree (i) that they will indemnify and hold the Secured Parties harmless from and against any and all claims with respect to the Collateral asserted before the taking of actual possession or control of the relevant Collateral by the Secured Parties pursuant to this Security Agreement, or arising out of any act of, or omission to act on the part of, any party (other than the Secured Parties) prior to such taking of actual possession or control by the Secured Parties (whether asserted before or after such taking of possession or control), or arising out of any act on the part of the Debtors or their agents before or after the commencement of such actual possession or control by the Secured Parties; and (ii) that none of the Secured Parties shall have any liability or obligation to the Debtors arising out of any such claim except for acts of willful misconduct or gross negligence or acts not taken in good faith. In any action hereunder, the Secured Parties shall be entitled, if permitted by applicable law, to the appointment of a receiver, without notice, to take possession of all or any portion of the Collateral and to exercise such powers as the court shall confer upon the receiver.

(b) Upon the occurrence and during the continuance of an Event of Default, the Debtors will, upon receipt by them of any revenue, income, profits, or other sums in which a security interest is granted by this Security Agreement, payable pursuant to any agreement or otherwise, or of any check, draft note, trade acceptance, or other instrument evidencing an obligation to pay any such sum, hold the sum in trust for the Secured Parties, and forthwith, without any notice or demand whatsoever (all notices, demands, or other actions on the part of the Secured Parties being expressly waived), endorse, transfer, and deliver

any such sums or instruments or both to the Secured Parties to be applied to the repayment of the Notes.

(c) If the Debtors fail to make any payment or take any action required hereunder, the Secured Parties may make such payments and take all such actions as any of the Secured Parties reasonably deems necessary to protect their security interests in the Collateral and/or the value thereof, and each Secured Party is hereby authorized (without limiting the general nature of the authority herein above conferred) to pay, purchase, contest, or compromise any liens not expressly permitted by this Security Agreement. The Secured Parties will not be required to take any steps to preserve any rights against prior parties to the Collateral.

5. Remedies Cumulative. All of Secured Parties' rights and remedies with respect to the Collateral, whether established by this Security Agreement or by the Notes, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

6. Power of Attorney. If any Event of Default shall have occurred, the Debtors hereby authorize and empower the Secured Parties to make, constitute, and appoint as their representative any of the Secured Parties as the Debtors' true and lawful attorney-in-fact, with the power to endorse Debtors' name on all applications, documents, papers, and instruments necessary for the Secured Parties to use the Collateral, or to grant or issue any exclusive or non-exclusive license of the Collateral to any third person, or necessary for the Secured Parties to assign, pledge, convey, or otherwise transfer title in or dispose of the Collateral to any third person. The Debtors hereby ratify all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Security Agreement.

7. Preservation and Protection of Security Interest. The Debtors shall (a) execute any and all documents required by state law, including without limitation, UCC-1 financing statements, necessary to perfect the Secured Parties' Security Interest in the Collateral; (b) have this Security Agreement recorded in the patent files of the Patents and the trademark files of the Trademarks in the PTO and any foreign patent office that accepts security agreements for recordation in its patent files; and (c) permit the Secured Parties' representatives from time to time to examine records relating to the Collateral as well as the Debtors' books and records in order to discuss the affairs, finances, and accounts of the Debtors with the Debtors' officers. Upon the reasonable request of any Secured Party, the Debtors hereby agree to duly and promptly execute and deliver, or cause to be duly executed and delivered, at the cost and expense of the Debtors, such further instruments as may be necessary and proper, in the judgment of such Secured Party, to carry out the provisions and purposes of this Security Agreement or to perfect and preserve the Security Interest in the Collateral or any portion thereof purported to be granted under this Security Agreement.

8. Priorities. The Debtors have valued the Collateral at \$26.5 million. Accordingly, the Security Interest in the Collateral granted to the Secured Parties shall be shared *pari passu* by the Secured Parties and other persons and entities that have provided as of the date hereof or may provide in the future debt financing to the Debtors in an amount not to exceed a total of \$26.5 million.

9. Termination. At such time as FSI shall completely satisfy all of the liabilities arising under the Notes, this Security Agreement shall terminate and the Secured Parties shall execute and

deliver to the Debtors at the Debtors' expense all instruments as may be necessary or proper to re-vest in the Debtors' clear title to the Collateral subject to any disposition thereof which may have been made by the Secured Parties pursuant hereto.

10. Assignment. The parties hereto may not assign any of their rights or obligations hereunder except with the express written consent of the other parties hereto, which consent may be withheld for any reason. The benefits and burdens of this Security Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

11. Continuation and Reinstatement. The Debtors further agree that the Security Interest granted hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment or any part thereof of principal or interest on the Notes is rescinded or must otherwise be restored by the Secured Parties upon the bankruptcy or reorganization of FSI or otherwise.

12. Third Party Infringement, Etc. The Debtors agree that if any person, firm, corporation, or other entity shall do or perform any acts which an agent of the Secured Parties believes constitutes an infringement or dilution of any Trademark or Patent, or violates or infringes any right of the Debtors or the Secured Parties therein or if any person, firm, corporation, or other entity shall do or perform any acts which any Secured Party believes constitutes an unauthorized or unlawful use thereof, then and in any such event, at any time while an Event of Default is continuing, any Secured Party may and shall have the right to take such steps and institute such suits or proceedings as such Secured Party may deem advisable or necessary to prevent such acts and conduct and to secure damages and other relief by reason thereof, and to generally take such steps as may be advisable or necessary or proper for the full protection of the rights of the parties. Any Secured Party may take such steps or institute such suits or proceedings in its own name or in the name of the Debtors or in the names of the parties jointly. Each Secured Party hereby agrees to give the Debtors notice of any steps taken, or any suits or proceedings instituted, by such Secured Party pursuant to this paragraph.

13. Notices. All notices, consents, requests, instructions, approvals, and other communications hereunder shall be in writing and shall be deemed given when delivered personally, or three days after being sent by first-class mail, postage prepaid, or when dispatched by telex or facsimile transmission, with receipt confirmed, to the party to be notified at the address or the facsimile numbers listed below:

If to the Debtors: Thornycroft, Giles & Co., Inc.
1700 Market Street, Suite 2720
Philadelphia, PA 19103
Fax: (215) 574-1775
Attn: Kathryn Riepe Chambers

FastShip, Inc.
1700 Market Street, Suite 2720
Philadelphia, PA 19103
Fax: (215) 574-1775
Attn: Kathryn Riepe Chambers

All correspondence to the Secured Parties shall be sent to the addresses set forth in Schedule A attached hereto. Any party may change the address and communication numbers listed above or in Schedule A attached hereto by notifying the other parties of such change in the manner provided by this Section 13.

14. Amendment. This Security Agreement may be amended at any time by written instrument executed by the parties hereto.

15. Waiver. No failure or delay on the part of the Secured Parties in exercising any right, remedy, power, or privilege hereunder shall operate as a waiver thereof or of any other right, remedy, power, or privilege of the Secured Parties hereunder; nor shall any partial exercise of any such right, remedy, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. Neither the execution of, nor any provision in, this Security Agreement shall be construed as a waiver by the Secured Parties of any default under the Notes existing on the date hereof.

16. Costs. The Debtors shall promptly reimburse the Secured Parties for any and all costs and expenses, including but not limited to the reasonable fees and disbursements of counsel to the Secured Parties, which the Secured Parties may incur in connection with (a) the enforcement of the rights of the Secured Parties in connection with the Notes and this Security Agreement, (b) the protection or perfection of the Secured Parties' rights and interests hereunder, (c) the exercise by or for the Secured Parties of any of the rights or powers herein conferred upon the Secured Parties, and (d) the prosecution or defense of any action or proceeding by or against the Secured Parties or the Debtors concerning any matter arising out of, connected with, or related to the Notes or this Security Agreement or any of the Collateral.

17. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Delaware except in regards to the provisions governing choice of laws.

18. Severability. Each term or provision of this Security Agreement shall be valid and enforceable to the full extent permitted by law. Should any term or provision in this Security Agreement be held invalid, illegal, or unenforceable, the remainder of this Security Agreement, including the application of such term to the extent not invalid, illegal, or unenforceable, shall not be affected thereby and this Security Agreement shall be interpreted as if such term or provision, to the extent invalid, illegal, or unenforceable, did not exist.

19. Counterparts. This Security Agreement may be executed and delivered, including execution and delivery by facsimile transmission, in counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

20. Entire Agreement. This Security Agreement constitutes the full and complete understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements, arrangements, and understandings, oral or written, between the parties hereto with respect to the subject matter hereof.

Sent By: HPLaserJet 3100;

6099244361;

Jun-2-05 8:40PM;

Page 2

IN WITNESS WHEREOF, this Security Agreement has been duly executed by the parties hereto as of the date first set forth above.

THORNYCROFT, GILES & CO., INC.

By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

FASTSHIP, INC.

By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

SECURED PARTIES

David M. Smith
David Smith

Richard P. Brown, Jr.

John P. O'Connell

JUN-01-2005 23:40

MORGAN LEWIS

P.04/04

IN WITNESS WHEREOF, this Security Agreement has been duly executed by the parties hereto as of the date first set forth above.

THORNYCROFT, GILES & CO., INC.

By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

FASTSHIP, INC.

By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

SECURED PARTIES

David Smith

Richard P. Brown, Jr.
Richard P. Brown, Jr.

John P. O'Connell

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By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

FASTSHIP, INC.

By: Kathryn Riepe Chambers
Kathryn Riepe Chambers
Executive Vice President

SECURED PARTIES

David Smith

Richard P. Brown, Jr.

John P. O'Connell
John P. O'Connell

Schedule A - Secured Parties

David Smith
68 Montadale Drive
Princeton, NJ 08540

Richard P. Brown, Jr.
Morgan Lewis & Bockius
1701 Market Street
Philadelphia, PA 19103

John P. O'Connell
223 Cheshire Circle
West Chester, PA 19380

Schedule B - Collateral**Patents**

1. U.S. Patent Number 5,080,032, issued January 14, 1992.
2. U.S. Patent Number 5,129,343, issued July 14, 1992.
3. U.S. Patent Number 5,231,946, issued August 3, 1993.
4. U.S. Patent Number 5,832,856, issued November 10, 1998.
5. European Community Patent Number 90912549.4.

Patent Applications

1. Japanese Application Number 511843/90, filed September 20, 1990.
2. Japanese Application Number 510628/92, filed October 1, 1993.
3. South Korean Application Number 92-700812, filed April 8, 1992.
4. South Korean Application Number 92-702962, filed October 2, 1993.

Note: The Japanese and South Korean patent offices have recently issued patents based on these applications. However, no patent numbers have yet been issued.

5. Norway Patent Application Number P921423.
6. Finland Patent Application Number 921601.

Trademark Applications

None.