**PATENT ASSIGNMENT**

Electronic Version v1.1  
Stylesheet Version v1.1

### SUBMISSION TYPE:  NEW ASSIGNMENT

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made the July 1, 2006.

BETWEEN:

International Business Machines Corporation, a corporation existing under the laws of New York, ("Purchaser")

-and-

Micromuse, Inc., a corporation existing under the laws of Delaware (the "Vendor")

WHEREAS Vendor wishes to transfer the Assets (defined below) to Purchaser and Purchaser wishes to purchase the Assets.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, Vendor and Purchaser, each intending to be bound legally, agree to the following terms and conditions:

1. Definitions

"Assets" means all assets except the Excluded Assets (as defined below) of the Vendor including the Goodwill, Cash, Claims, Contracts, Fittings and Equipment, Intellectual Property, Liabilities, Orders, Plant and Machinery, Real Property, Receivables, Subsidiaries, Trade Credits, Trade Debts, and Work in Progress owned, used or held by the Vendor and all other assets and liabilities of Vendor as specified on the balance sheet as of June 30, 2006.

"Cash" means all the cash in hand at the bank and bills recoverable of the Vendor in the business.

"Claims" includes claims, demands, complaints, grievances, actions, suits, causes of action, Orders, charges, indictments, prosecutions, information or other similar process, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, professional fees, including fees of legal counsel on a substantial indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

"Contracts" means all the contracts, engagements, license, guarantees and commitments of the Vendor which remain outstanding in whole or in part at the Effective Date including, but not limited to, tenders, orders and any other arrangements relating to the Vendor.

"Effective Date" has the meaning set forth in Section 2.

"Excluded Assets" means the Vendor's ownership interests in Micromuse Holdings LLC and Micromuse International including the ownership interests in all of the underlying assets of Micromuse Holdings LLC and Micromuse International.

"Fittings and Equipment" means all the office and other equipment, fixture and fittings of the Vendor.

"Goodwill" means all goodwill of the Vendor.

"Intellectual Property means all:
(a) inventions, discoveries, ideas, concepts, and Technical Information, whether patentable or not, pending patent applications (including divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part and extensions) and issued patents;

(b) trade-marks, service marks and certification marks (whether or not registered), domain names, trade dress, trade-names, business names and other indicia of origin and registration and applications to register any of the foregoing in any jurisdiction and any extensions, modifications or renewals thereof, and including the goodwill associated with any of the foregoing;

(c) computer programs (including source code, object code and data) and related documentation and materials; other works of authorship including drawings, notes, reports, other documents and materials; magnetic, electronic, sound or video recordings; photographs or cinematographic works; and all copyrights therein;

(d) industrial designs and similar rights;

(e) integrated circuit topographies, mask works and similar rights;

(f) licenses, immunities and covenants not to commence legal proceedings or Claims relating to any of the foregoing; and

(g) any Claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing.

"Liabilities" means all liabilities and charges on the books of the Vendor including, but not limited to, provisions for any tax, deferred revenue, accounts payable and accruals.

"Non-Assignable Rights" has the meaning set forth in Section 7.

"Orders" means, any order, injunction, writ, judgment, decree, ruling, award, assessment, direction, instruction, legally binding agreements or stipulation, penalty or sanction issued, filed or imposed by any court, governmental entity or arbitrator.

"Plant and Machinery" means all plant and machinery of the Vendor.

"Purchase Price" has the meaning set forth in Section 2.

"Real Property" means all freehold and leasehold premises of the Vendor.

"Receivables" means all debts, as at the Effective Date, due to the Vendor including, but not limited to, pre-payments, accounts receivable, accrued and future income and debts due from any company.

"Subsidiaries" means the entities specified in Attachment 1.

"Technical Information" means all know-how and related technical knowledge owned, used or held for use in or relating to the business of the Vendor, including:

(h) trade secrets, confidential information and other proprietary know-how;
(i) public information and non-proprietary know-how;

(j) information of a scientific, technical, financial or business nature regardless of its form;

(k) uniform resource locators, telephone, telecopy and email addresses, and UPC consumer packaging codes; and

(l) documented research, forecasts, studies, marketing plans, budgets, market data, developmental, demonstration or engineering work, information that can be used to define a design or process or procure, produce, support or operate material and equipment, methods of production and procedures, all formulas and designs and drawings, blueprints, patterns, plans, flow charts, parts lists, manuals and records, specifications, and test data.

"Trade Credits" means all sums, as of the Effective Date, owed by the Vendor in connection with purchases made by the Vendor from its Suppliers.

"Trade Debits" means all sums, as of the Effective Date, due to the Vendor from its customers in respect to sales of products or services made by the Vendor.

"Work in Progress" means all raw materials, consumable, work in progress and finished goods of the Vendor.

2. **Sale and Transfer of Assets**

The Vendor hereby sells, transfers, conveys, assigns and delivers to the Purchaser and the Purchaser hereby purchases from the Vendor, as of 12:01 a.m. Eastern Daylight Savings Time on July 1, 2006 (the "Effective Date"), all of the Vendor's right, title and interest in and to the Assets for an aggregate Purchase Price equal to the aggregate fair market value of the Assets as of the Effective Date which the parties agree is [redacted].

The Purchase Price shall be subject to adjustment on the agreement of the parties, if the final balance sheets of Vendor and its Subsidiaries as of June 30, 2006 causes the fair market value of the Assets to be adjusted. In the event there is an adjustment in the fair market value, the Purchase Price will be increased or decreased in accordance with such adjustment and any payment obligation arising from such adjustment shall be paid in a manner agreed upon by the parties within thirty (30) days after final agreement by the Parties on such balance sheets.

3. **Consideration**

The Purchase Price shall be paid and satisfied in cash and the Purchaser hereby agrees to deliver the Purchase Price to the Vendor in cash, within five business days of the Effective Date.

4. **Vendor's Representations and Warranties**

The Vendor represents and warrants that it is a corporation duly incorporated and subsisting under the laws of Delaware.
5. **Purchaser’s Representations and Warranties**

The Purchaser represents and warrants that it is a corporation duly incorporated and subsisting under the laws of New York.

6. **Effective Conveyance**

This Agreement shall operate as an actual conveyance, transfer, assignment and setting over of all the right, title and interest of the Vendor in and to the Assets as of the Effective Date of this Agreement. The Vendor shall, at the request of the Purchaser, sign, execute, and deliver all documents, transfers, assignments, matters and things which are convenient and necessary or which counsel for the Purchaser may advise for more completely and effectually conveying, assigning and transferring to or vesting the Assets in the Purchaser and all the right, title and interest of the Vendor therein.

The Vendor shall deliver to IBM Japan Ltd. the relevant share certificates representing the relevant Assets no later than the Effective Date. IBM Japan Ltd. shall receive and possess the relevant share certificates on behalf of Purchaser on the Effective Date.

7. **Non-transferable Assets**

Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to Purchaser, any Contract which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof or the other party or parties thereto, without first obtaining such approval or consent (collectively "Non-Assignable Rights"). In connection with such Non-Assignable Rights, Vendor shall, at the request of Purchaser:

(a) apply for and use all reasonable efforts to obtain all consents or approvals contemplated by the contracts to be transferred;

(b) co-operate with Purchaser in any reasonable and lawful arrangements designed to provide the benefits and burdens of such Non-Assignable Rights to Purchaser, including holding any such Non-Assignable Rights in trust for Purchaser or acting as agent for Purchaser;

(c) enforce any rights of Vendor arising from such Non-Assignable Rights against the issuer thereof or the other party or parties thereto;

(d) take all such actions and do, or cause to be done, all such things at the request of Purchaser as shall reasonably be necessary and proper in order that the value of any Non-Assignable Rights shall be preserved and shall enure to the benefit of Purchaser; and

(e) pay over to Purchaser, all monies collected by or paid to Vendor in respect of such Non-Assignable Rights.

8. **Further Assurances**

The parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to complete the transactions contemplated by this Agreement, and each party shall provide such further documents or instruments required by the other party as
may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

9. **Miscellaneous**

   (a) Time is of the essence in the performance of the parties’ respective obligations.

   (b) The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation hereof.

   (c) No party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other parties hereto.

   (d) This Agreement is governed by the laws of the State of New York. Each party submits to the exclusive jurisdiction of the courts of competent jurisdiction in the State of New York in respect of any action or proceeding relating to this Agreement. The parties shall not raise any objection to the venue of any proceedings in any such court, including the obligation that the proceedings have been brought in an inconvenient forum.

   (e) The parties waive any right to trial by jury in any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement present or future and whether sounding in contract, tort or otherwise. Any party may file a copy of this provision with any court as written evidence of the knowing, voluntary and bargained for agreement between the parties irrevocably to waive trial by jury, and that any proceeding whatsoever between them relating to this Agreement or any of the transactions contemplated by this Agreement shall instead be tried by a judge or judges sitting without a jury.

   (f) This Agreement may be executed by facsimile and in one or more counterparts, all of which shall be considered one and the same agreement.

**IN WITNESS OF WHICH** the Vendor and the Purchaser have executed this Agreement.

**Micromuse, Inc.**

By: [Signature]

Jesse J. Greene, Jr. Treasurer

**INTERNATIONAL BUSINESS MACHINES CORPORATION**

By: [Signature]

Andrew Bonzani, Vice President and Assistant Secretary
Attachment A to the Asset Purchase Agreement
Dated July 1, 2006 between International Business Machines Corporation and Micromuse Inc.

Subsidiaries shall mean the following entities:

1. Micromuse Latin America, Inc.
2. Net Ops Corporation
3. Network Harmoni, Inc.
4. Riversoft, Inc.
5. Lumos Technologies, Inc.
6. Calvin Alexander Networking, Inc.
7. GuardedNet, Inc.
8. Quallaby Corporation
10. Micromuse S. de RL de CV
11. Micromuse (Australia) Pty Ltd.
12. Micromuse Japan KK
13. Micromuse India Private Limited
14. Micromuse Singapore Pte. Limited