

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
Transforming Technologies, LLC	05/29/2001
RECEIVING PARTY DATA	
Name:	Transforming Technologies, Inc.
Street Address:	301 Patrick Henry Avenue
City:	Cape Charles
State/Country:	VIRGINIA
Postal Code:	23310
PROPERTY NUMBERS Total: 4	
Property Type	Number
Application Number:	12187812
Application Number:	12187806
Application Number:	12187808
Application Number:	12187817
CORRESPONDENCE DATA	
Fax Number:	(202)842-7899
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	7034568000
Email:	khodgson@cooley.com
Correspondent Name:	Cooley LLP
Address Line 1:	777 6th Street, N.W.
Address Line 2:	Suite 1100
Address Line 4:	Washington, DISTRICT OF COLUMBIA 20001
ATTORNEY DOCKET NUMBER:	PRIV-002/02US 307640-2052
NAME OF SUBMITTER:	Christopher R. Hutter

CH \$160.00 12187812

Total Attachments: 26

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EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT (the "Agreement") is made and entered into as of May 29, 2001, by and among Transforming Technologies, Inc., a Delaware corporation (the "Corporation"), Transforming Technologies, L.L.C., a Virginia limited liability company (the "LLC"), and the holders set forth on Exhibit A attached hereto (the "Holders") of LLC membership interests (the "LLC Membership Interests") of the LLC.

BACKGROUND

- A. On or about May 12, 1999, Dave Russell, Michella J. Bragg and William C. Parr (each a "Founding Holder" and collectively the "Founding Holders") formed the LLC for the purposes set forth in that certain Operating Agreement of the LLC dated August 31, 1999, by and among the Founding Holders, as amended by Amendment No. 1 dated as of November 15, 2000 (as amended, the "LLC Operating Agreement").
- B. Following the formation of the LLC by the Founding Holders, the LLC issued additional LLC Membership Interests to certain additional Holders as set forth on Exhibit A attached hereto.
- C. The Holders have determined that it is in the best interests of the LLC and its Holders to convert the LLC into a Delaware corporation.
- D. Each Holder desires to contribute such Holder's ownership in the LLC in exchange for shares of Common Stock, par value \$0.0001 per share, of the Corporation (the "Common Stock").
- E. The parties intend that this transaction be treated for federal income tax purposes as a tax-free exchange under the provisions of Section 351 of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, intending to be legally bound hereby and in consideration of the mutual promises set forth herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Authorization; Issuance of Stock; Closing.

(a) In connection with the transactions contemplated by this Agreement, the Board has (i) authorized thirty million (30,000,000) shares of Common Stock, par value \$0.0001 per share; and (ii) authorized the issuance of the shares described in Section 1(b) below.

(b) At the Closing (defined herein), the Corporation shall issue to the Holders an aggregate of four million four hundred fifty-one thousand two hundred fifty (4,451,250) shares of its Common Stock (the "Shares") in exchange for the contribution of 100% of the Holders' LLC Membership Interests to the Corporation. Each Holder shall be issued the respective number of Shares set forth opposite such Holder's name on Exhibit A hereto.

(c) As additional consideration for the Shares, each Holder shall execute and perform a Contribution of LLC Interest and Technology Assignment Agreement in substantially the form attached hereto as Exhibit B (the "Contribution and Assignment Agreement").

(d) The closing (the "Closing") of the transactions contemplated hereby shall be held at the offices of Wilson Sonsini Goodrich & Rosati, P.C. 7927 Jones Branch Drive, Suite 400, McLean, Virginia 22102 on May 29, 2001 (the "Closing Date"), subject to satisfaction or waiver of the conditions to closing set forth in Section 5 below. At the Closing, (i) the Corporation will deliver to the Holders certificates representing the Shares; (ii) each Holder will deliver to the Corporation an executed Contribution and Assignment Agreement; the Contribution Assignment Agreement and this Agreement are referred to collectively herein as the "Transaction Documents"; and (iii) the LLC will deliver the books and records of the LLC to the Corporation.

2. Representation and Warranties of the Corporation. As of the Closing Date, the Corporation hereby represents and warrants to the LLC and to each Holder as follows:

(a) Organization; Good Standing; Qualification. The Corporation is a corporation duly organized and validly existing under, and by virtue of, the laws of the State of Delaware and is in good standing under such laws. The Corporation has the requisite corporate power to own and operate its properties and assets and to carry on its business as presently conducted and as proposed to be conducted. The Corporation is in good standing and qualified to do business as a foreign corporation in every jurisdiction where the failure to so qualify would have a material adverse effect on the Corporation's business, properties, financial condition, results of operations or prospects (a "Material Adverse Effect").

(b) Corporate Power. The Corporation has all requisite legal and corporate power and authority to enter into this Agreement and to issue the Shares hereunder and to carry out and perform its obligations under the terms of this Agreement.

(c) Capitalization. The authorized capital stock of the Corporation consists of 30,000,000 shares of Common Stock. Immediately prior to the Closing, there are no shares of Common Stock issued and outstanding.

(d) Authorization.

(i) All corporate actions on the part of the Corporation, its officers and directors necessary for the authorization, exchange and issuance of the Shares pursuant hereto have been taken or will be taken prior to the Closing hereunder. This Agreement, when executed and delivered, will constitute the valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms except (A) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (B) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(ii) The Shares, when issued in compliance with the provisions of this Agreement, will be duly and validly issued, fully paid and nonassessable, and will be free of any liens or encumbrances or preemptive or other similar rights of the stockholders of the Corporation or others; provided, however, that the Shares may be subject to restrictions on transfer under state and/or federal securities laws, as set forth herein or otherwise required by such laws at the time a transfer is proposed.

3. Representations and Warranties of the LLC. As of the Closing Date, the LLC hereby represents and warrants to the Corporation as follows:

(a) Organization; Good Standing; Qualification. The LLC is a limited liability company duly organized and validly existing under, and by virtue of, the laws of the Commonwealth of Virginia and is in good standing under such laws. The LLC has the requisite power to own and operate its properties and assets and to carry on its business as presently conducted and as proposed to be conducted.

4. Representations and Warranties of the Holders. As of the Closing Date, each Holder represents and warrants to the Corporation as follows:

(a) The Holder is acquiring the Shares for investment for such Holder's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) The Holder acknowledges and understands that the Shares constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein.

(c) The Holder has the full right, power and authority to enter into and perform such Holder's obligations under the Transaction Documents and the Transaction Documents constitute the valid and binding obligations of such Holder enforceable against the Holder in accordance with their terms except (A) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (B) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority on the part of such Holder is required in connection with the valid execution and delivery of the Transaction Documents.

5. Conditions to Closing. The obligations of the parties under this Agreement are subject to the fulfillment or waiver of the following conditions:

(a) Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by the parties on or prior to the Closing shall have been performed or

complied with in all material respects.

(b) Blue Sky. The Corporation shall have obtained all necessary Blue Sky law permits and qualifications, or have the availability of exemptions therefrom, required by any state for the issuance of the Shares.

(c) Necessary Approvals. Each of the parties to this Agreement shall have obtained all necessary consents and approvals by its respective Board of Directors or Board of Managers, and stockholders or members, if any, necessary to perform the transactions contemplated by this Agreement.

(d) Contribution of LLC Interest and Technology Assignment Agreement. Each Holder shall have executed a Contribution of and Assignment Agreement in substantially the form attached hereto as Exhibit B.

(e) Stockholders' Agreement. Each Holder shall have executed a Stockholders' Agreement in substantially the form attached hereto as Exhibit C.

6. Legends. The certificates evidencing the Shares will be imprinted with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR STATE SECURITIES LAWS AND CANNOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

7. Miscellaneous.

(a) Governing Law. This Agreement shall be governed in all respects by the internal laws of the State of Delaware.

(b) Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by any of the parties hereto and the closing of the transactions contemplated hereby.

(c) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

(d) Entire Agreement; Amendment. The Transaction Documents and the other documents to be delivered pursuant hereto at the Closing constitute the full and entire understanding and agreement among the parties with regard to the subjects hereof and thereof, 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. Except as

expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

(f) Severability. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

(g) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not considered in construing or interpreting this Agreement.

(h) Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any person, other than the parties hereto and their successors hereunder any benefit or any legal or equitable right, remedy or claim under this Agreement.

[signature page follows]

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

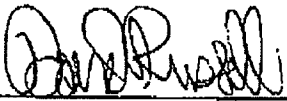
TRANSFORMING TECHNOLOGIES, INC.

TRANSFORMING TECHNOLOGIES, LLC

By: _____
Name: Michella J. Bragg
Title: President

By: _____
Name: _____
Title: _____

"HOLDERS"



David Russell

Mark Sweeny

Michella J. Bragg

Lisa Simonetta

William C. Parr

Donna Melcher

Elizabeth Powers

Richard Watson

Rob Goodman

Brad Coyle

Barry Johnson

David O'Connor

Todd DeLong

Joseph Aladeff

David Petka

Jill Ivy

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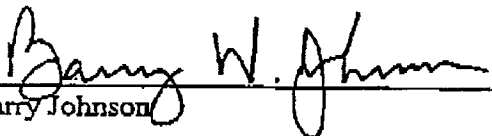
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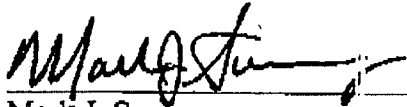
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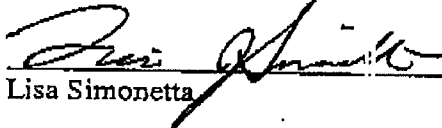
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Elizabeth Powers



Richard Watson 5-25-01

Rob Goodman

Brad Coyle

Barry Johnson

David O'Connor

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Joseph Aladeff

David Petka

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PATENT
REEL: 025831 FRAME: 0627

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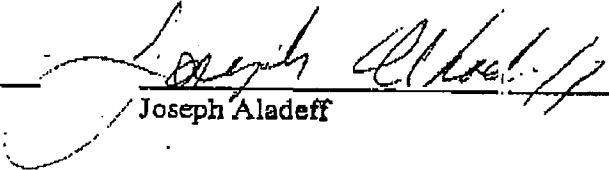
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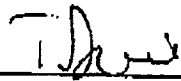
David Petka

Jill Ivy

[Signature Page to Exchange Agreement]

JILL AND TROY IVIE, JOINT TENANTS
WITH RIGHT OF SURVIVORSHIP AND
NOT AS TENANTS IN COMMON

By: 
Jill Ivie

By: 
Troy Ivie

[Signature Page to Exchange Agreement]

PATENT
REEL: 025831 FRAME: 0631

EXHIBIT A
SCHEDULE OF HOLDERS

Name of Holder	Number of Shares of Common Stock
David Russell	3,750,000
Michella J. Bragg	250,000
William Parr	100,000
Elizabeth Powers	50,000
Rob Goodman	50,000
Barry Johnson	50,000
Todd DeLong	2,500
David Petka	50,000
Mark J. Sweeney	7,650
Lisa Simonetta	250
Donna Melcher	3,000
Richard Watson	25,000
Brad Coyle	2,500
David O'Connor	50,000
Joseph Aladeff	50,000
Jill Ivy	500
Total:	4,451,400

EXHIBIT B

CONTRIBUTION OF LLC INTEREST AND INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

This Contribution of LLC Interest and Intellectual Property Assignment Agreement (the "Agreement") is made and entered into as of April __, 2001, by and between Transforming Technologies, Inc., a Delaware corporation (the "Assignee") and _____ (the "Assignor").

RECITALS

A. Assignor acknowledges that on or about May 12, 1999, an LLC was formed under the name of Transforming Technologies, L.L.C. (the "LLC") to pursue the development and commercialization of biometrics pointing identifying devices and related technologies (the "Technology").

B. Assignor desires to transfer all of such Holder's interest in the LLC and any and all interest that such Holder may possess in the Intellectual Property (as defined below) of the LLC to Transforming Technologies, Inc. (the "Company") in exchange for shares of Common Stock, par value \$0.0001 per share (the "Common Stock") of the Company.

1. Definition of Intellectual Property. "Intellectual Property" shall mean any and all technologies, procedures, processes, designs, inventions, discoveries, know-how, show-how and works of authorship, and documentation thereof, in, to or for the Technology. "Intellectual Property" includes without limitation all (i) issued United States and foreign patents, utility models and the like, and applications therefor pending before any relevant authority worldwide, including any additions, continuations-in-part, divisions, reissues, renewals or extensions based thereon; (ii) copyrights and other rights in works of authorship; (iii) maskwork rights; (iv) trade secrets; and (v) any other intellectual property rights in existence at the date of this Assignment.

2. Assignment of Intellectual Property. Assignor hereby irrevocably assigns and transfers to Assignee any and all right, title and interest in and to the Intellectual Property, and the Assignee hereby accepts such assignment.

3. Contribution of Limited Liability Company Interest. Assignor hereby irrevocably assigns and transfers to Assignee any and all right, title and interest in and to the LLC (the "LLC Membership Interest"), and the Assignee hereby accepts such assignment.

4. Consideration. As consideration for this assignment, the Assignee has issued to Assignor shares of the Company's Common Stock pursuant to that certain Exchange Agreement dated as of an even date herewith.

5. Warranties of Title. Assignor warrants to Assignee that (i) Assignor has not granted any licenses or other rights to the Intellectual Property or LLC Membership Interest to any third party; (ii) Assignor has not granted any liens, encumbrances, security interests and restrictions on transfer relating to the Intellectual Property or LLC Membership Interest; (iii) to the best of

Assignor's knowledge the Intellectual Property does not infringe any patent, copyright, trademark, trade secret or other proprietary right of any third party; and (iv) Assignor is aware of no legal actions, investigations, claims or proceedings pending or threatened relating to the Intellectual Property or LLC Membership Interest.

6. Further Assurances. On and after the date of this Assignment, Assignor will, without charge and promptly upon request by the Assignee, as may be requested by Assignee in order to effect and perfect the assignments and transfers contained herein or to enable Assignee to obtain the full benefits of this Assignment and the transactions contemplated hereby, (i) deliver to Assignee records, data or other documents relating to the Intellectual Property that are in Assignor's possession, (ii) execute and deliver assignments, licenses, consents, documents or further instruments of transfer, and (iii) take other actions, render other assistance and execute other documents.

7. Confidentiality. All information relating to the Intellectual Property is confidential information owned by the Assignee ("Confidential Information"). Assignor may not use the Confidential Information except for the benefit of Assignee. Assignor will protect the Confidential Information from disclosure with at least the same degree of care as that which he accords to his own proprietary information, but in no event with less than reasonable care. Assignor may not disclose the Confidential Information to third parties. The foregoing restrictions will not apply to (i) information that is in the public domain prior to the date hereof or becomes public hereafter through no fault of Assignor; (ii) information provided to Assignor by a third party who is not in violation of a duty of confidentiality with respect to that information; or (iii) information approved for release by Company. Any breach of these restrictions will cause irreparable harm to the Assignee and will entitle Assignee to injunctive relief in addition to all applicable legal remedies.

8. Counterparts. This Assignment may be executed in separate counterparts. Each party hereto agrees that he will be bound by his own facsimile signature and that he accepts the facsimile signature of the other parties to this Assignment.

9. Miscellaneous. This Assignment will inure to the benefit of and bind the Assignee and Assignor and their successors, assigns, heirs and legal representatives. This Assignment will be governed by the laws of the State of Delaware without giving effect to that jurisdiction's choice of law principles. The parties agree that (i) the courts of the State of Delaware and United States federal courts sitting in the State of Delaware will have exclusive jurisdiction over any disputes arising under this Assignment and (ii) they will submit to the jurisdiction of such courts.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Contribution of LLC Interest and Intellectual Property Assignment Agreement as of the date first written above.

ASSIGNOR

ASSIGNEE

TRANSFORMING TECHNOLOGIES, INC.

By: _____
Michella J. Bragg, President

[Signature Page to Contribution Agreement]

PATENT
REEL: 025831 FRAME: 0635

EXHIBIT C

Stockholders' Agreement