

Open Letter to the Officers and Board of Directors of Patriot Scientific Corporation

c/o Mr. Clifford Flowers, Interim CEO
Patriot Scientific Corporation
701 Palomar Airport Rd
Suite 170
Carlsbad, CA 92011-1045

via regular mail and email to ir@ptsc.com

September 18, 2014

Dear Ms. Felcyn, and Messrs. Johnson and Flowers:

The senders of this letter are best described as “the retail shareholders”, i.e., those who have purchased their shares in PTSC on the open market over the years. You are well familiar with us, and, although there are a number of individuals who have chosen to openly support this effort and whose partial contact information appears as an attachment to this letter, there are many others.

We want you to know that, in the relatively short time frame that lies ahead for effective MMP licensing, it is our most sincere hope that you will finally do the right thing. Specifically, we hope that you will, at last, change course and actually take steps that are in the best interests of all shareholders by supporting the plan set forth by Charles Moore and his group (hereafter, the “Moore Plan”) for the restructuring of TPL. As long as the Moore Plan provides for PTSC to receive its rightful share of MMP licensing proceeds, which it presently appears to do, we will remain in support of it. Should you do likewise, we will praise you and support you to the utmost of our ability.

In the meantime, the underlying reason for this letter is that, yet again, you appear to be acting adverse to the interests of the shareholders, which is best generally described as kowtowing to Dan Leckrone and his associates. Even a brief review of the Joint Bankruptcy Plan (hereafter, the “Joint Plan”) shows that, as you have so often done in the past, you plan to allow Mr. Leckrone and Alliacense to continue the failed commercialization strategy of at least the past five years.

There is perhaps no better or more recent example of the above than the MMP license announced on September 11, 2014, with Palace Entertainment. Especially since there had been no previous MMP license since August 2013, and further, in view of the hearing in the bankruptcy court set on October 2, surely you must know how contrived and convenient the Palace Entertainment license will likely be deemed, and rightly so. This simply must stop.

More specific points in this regard will be set forth later in this letter, but for now, we see four main elements that virtually assure the continuance of the deplorable status quo as it has progressed and continuously failed over the last five years — those elements are:

- the continued involvement of Alliacense as a commercialization agent;
- the control by TPL/Alliacense of all underlying data necessary for MMP licensing;
- the continued involvement of Dan Leckrone, Mac Leckrone, and any other of their other family members and/or current business associates; and
- the tarnished, and, we believe unsalvageable, brand that is Alliacense, including its ignoble reputation as a “patent troll”.

Simply put, and as well known by all who are familiar with the situation, the Leckrones have complete control over Alliacense, and thus complete control over the MMP. Frankly, if there is to be any realistic chance for PTSC to succeed for the shareholders, the control exerted by the Leckrones and Alliacense must be reduced to zero. Even a “new” or “alternate” licensing agent would not solve the problem, since the Leckrones would simply continue to favor Alliacense.

Specifically, the position of the retail shareholders is that MMP licensing must be taken completely away from any Leckrone control and/or influence, whether direct or indirect, and placed solely and completely in the hands of persons and/or entities that are truly independent and share the best interests of the retail shareholders at heart. As above, we presently believe that person is Charles Moore, co-inventor of the MMP, and his associates. We have reviewed the Moore Plan insofar as time has allowed, although such review will be ongoing. While there are elements of the plan that we may have structured differently, we hereby endorse the Moore Plan, primarily for three reasons.

First, the Moore Plan is infinitely better than the PTSC Plan — simply because the latter does not exist. It is shocking and infuriating to us that you have absolutely and completely failed in your duty to the shareholders to develop a plan of your own that takes Mr. Leckrone and his associates and related entities completely out of the MMP equation.

Second, the Moore Plan is light-years better than the Joint Plan, because the latter, as mentioned above, leaves the Leckrones and Alliacense in iron-fisted control of the MMP — this assures the same treatment of PTSC shareholders as has been occurring for many years now. It is shocking and infuriating to us that you would consent to such a plan, which we also believe to be a breach of your duty to the shareholders.

Third, and in conjunction with the above, there appears to be no interest by PTSC in forcing Alliacense and Mr. Leckrone to move forward with the bankruptcy proceeding. We are very concerned that both PTSC and the Creditors’ Committee seem to be satisfied with never-ending delays, the most recent of which was requested by TPL just a few days ago on September 15, 2014. To our amazement, both PTSC and the Creditors’ Committee appear to have yet again acquiesced in such, as indicated by filings made only yesterday. ***Since the value of the MMP erodes on a daily basis due to patent expiration of its most important component, the ‘336 patent, in 2015, further delays are absolutely unacceptable.***

In this same context, we are concerned by the very presence of companies such as Apple, a former adversary of PTSC that benefitted greatly through a “firesale” MMP license negotiated by Alliacense and TPL, and that, perhaps along with some of the other creditors, may have an interest in seeing the MMP expire worthless or its value greatly diminished. A persuasive argument could be made that PTSC’s consent to ongoing delays is thus indicative of its cooperation in an attempt to achieve that result.

As we see it, there have been many other breaches of your obligations to the shareholders since mid-2006, including but not limited to: awarding excessive compensation to yourselves while PTSC’s stock price has plummeted some 95%; failure to protect PTSC funds that were inappropriately converted away from PTSC by the Leckrones as “expenses”; failure to more aggressively pursue the appointment of an impartial third member of PDS; failure to abide by the will of the shareholders as expressed in formal proposals duly approved at formal shareholder meetings; and many others. Undoubtedly, this is why there have been several substantial votes of “no confidence” against each of you at shareholder meetings over the last few years.

Having said all of the above, you now have the opportunity to do what is right, so that the real value of the MMP that presently exists can be maximized and the shareholders finally rewarded for their long suffering. With that in mind, we submit the following with regard to the Moore Plan.

Advantages of the Moore Plan

First, Mr. Moore is the inventor of the MMP. There is simply no more credible source as to its workings and capabilities. Knowledgeable and aggressive MMP licensing efforts are thus assured.

Second, Mr. Moore is involved with a company, Green Arrays, that actually produces products and is thus a practicing entity. As a result, any attempt to label MMP licensing as being the work of a “patent troll” can be immediately and correctly negated.

Third, as emphasized elsewhere in this letter, the Moore Plan eliminates control by the Leckrones, Alliacense, and their associates and/or affiliates and/or cohorts. Not only does this avoid their sullied reputations, but further, gives a clean start to future MMP licensing efforts.

Fourth, the Moore Plan provides for full payment of TPL’s liabilities that are advanced by non-TPL insiders. It seems obvious to us that claims by Leckrone family members and/or other insiders are a farce and thus should be treated as such, although it appears that the Moore Plan allows for at least some measure of repayment of some of those claims.

Fifth, the Moore Plan sets up a Board of Directors that is much more likely to fairly assess and pursue the true value of MMP licenses. This has been sorely lacking in the past.

There are numerous other advantages that could be cited, but we believe that those

itemized above provide an adequate general overview.

In closing, we again sincerely hope that you will finally take the appropriate action to support the shareholders of PTSC. Please note that we are providing, via email, a copy of this letter and its accompanying shareholder list to Kenneth Prochnow, the attorney for Mr. Moore, and to John Murray, counsel for the Unsecured Creditor's Committee. Our permission is hereby given to allow a copy of this letter and shareholder list to be presented in whatever form may be acceptable to the Honorable Stephen L. Johnson, Bankruptcy Judge.

Yours very truly,

PTSC shareholders as identified on
the accompanying pages

cc Kenneth Prochnow, esq. via email only to kprochnow@chilesprolaw.com
 John Murray, esq. via email only to murray.john@dorsey.com

Attachment: List of shareholders