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TECHNOLOGY PROPERTIES LIMITED LLC

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11 **UNITED STATES BANKRUPTCY COURT**
12 **NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN JOSE DIVISION**

14 In re:
15 TECHNOLOGY PROPERTIES LIMITED
16 LLC, a California limited liability company,
17 Debtor.

Case No.: 13-51589SLJ
Chapter 11
DISCLOSURE HEARING
Date: December 5, 2013
Time: 1:30 p.m.
Place: Courtroom 3099
280 South First Street
San Jose, California

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22 **SUMMARY AND EXPLANATION OF AMENDMENTS CONTAINED**
23 **IN TPL PLAN OF REORGANIZATION (NOVEMBER 22, 2013)**
24 **AND TPL DISCLOSURE STATEMENT (NOVEMBER 22, 2013)**
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2 BACKGROUND

- 3 1. Debtor and debtor in possession Technology Properties Limited LLC (“TPL”)
4 commenced the instant case by filing a voluntary Chapter 11 petition on March 20, 2013.
5 The exclusive periods for TPL to file a plan and obtain acceptances set forth in under 11
6 U.S.C. §§1121(c)(2) and 1121(c)(3) were originally set to expire on July 18 and
7 September 16, 2013, respectively.
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9 2. These exclusive periods were extended by stipulation between TPL and the Official
10 Unsecured Creditors’ Committee (the “OCC”) three times in this case: the first time, to
11 August 16, 2013 and November 16, 2013; the second time, to September 30, 2013 and
12 December 5, 2013; and, the third time, to November 8, 2013 and January 7, 2014.
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14 3. On August 22, 2013, this Court issued its Settlement Conference Order directing TPL
15 and the OCC to a judicially-supervised settlement conference. As ordered, on October 9
16 and October 10, 2013, TPL and the OCC participated in mediation before the Honorable
17 Dennis Montali. No settlement resulted.
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19 4. While deciding whether to proceed with further mediation, the OCC informed TPL that it
20 would not agree to a fourth extension of exclusivity. As a result, on October 31, 2013,
21 the TPL Plan of Reorganization (October 31, 2013) (the "Plan") along with the
22 Disclosure Statement Re: TPL Plan Of Reorganization (October 31, 2013) (the
23 “Disclosure Statement”) had to be and were filed and served in order to preserve
24 exclusivity. The Disclosure Statement is set for hearing on December 5, 2013.
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26 5. On November 12, 2013, TPL offered to the Committee a revised way of calculating the
27 Quarterly Payment (as defined in the Plan), which provided greater certainty with respect

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2 to payments to creditors and also provided for a higher degree of control with respect to
3 the largest-grossing portfolio, the MMP Portfolio.

4 6. On November 14, 2013, TPL responded to an inquiry from Judge Montali, advising him
5 that a further session of mediation was desirable to TPL. On November 18, 2013, the
6 Committee advised the judge that a further session would not be productive.

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8 7. The TPL Plan of Reorganization (November 22, 2013) (the "Amended Plan") and
9 Disclosure Statement Re: TPL Plan Of Reorganization (October 31, 2013) (the
10 "Amended Disclosure Statement")¹ were filed four days later to respond directly to
11 concerns and conceptual differences raised by the OCC.

12 8. TPL modified the Plan by making two key changes that increase the certainty of recovery
13 to creditors and give them control over the generation of a certain revenue stream from
14 which they will be paid:

15 a. The Claims Trust Trustee shall be entitled to receive from PDS, which is the Joint
16 Venture between TPL and Patriot Scientific Corporation that licenses the MMP
17 Portfolio, 100% of all proceeds to which TPL is entitled from the MMP Portfolio
18 until all allowed claims have been paid in full, while maintaining the payment
19 from TPL of 12% of its Adjusted Gross Revenue on all remaining TPL economic
20 activity through payment in full of all allowed claims in Classes 1 through 6; and

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22 b. Mr. Leckrone will, at the Effective Date, resign from his seat on the PDS
23 Management Committee in favor of a nominee of the OCC. The Management
24 Committee currently has one representative from TPL and one from Patriot

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26 ¹ Attached hereto as Exhibits "A" and "B" are versions of the Amended Plan and Amended Disclosure Statement
27 redlined to show the changes from the Plan and Disclosure Statement in context.

Scientific, which is also represented on the OCC. All control over the commercialization and licensing of the MMP Portfolio (and what is paid to entities related to TPL and Mr. Leckrone from MMP proceeds) will then be in the hands of OCC representatives.

9. The change to how the Quarterly Payment is calculated (i) ensures no TPL operating expenses are deducted from TPL’s distribution from PDS prior to payment to the creditors and (ii) the only operating expenses deducted from any TPL revenue prior to payment to creditors are those incurred pursuant to the fee agreements with patent litigation counsel and agreements with inventors.

10. The amendments that appear in the Amended Plan and Amended Disclosure Statement are set forth in the following table in redline and followed by TPL’s explanation for each change.

REDLINED CHANGE	EXPLANATION
<p>Amd. Plan, 1:25-2:8; Amd. DS, 8:14-19</p> <p>This Plan is a plan of reorganization under which TPL will operate and pay its creditors quarterly for a period of five years after this Plan’s effective date, or such longer time, without limitation, as may be required to achieve full payment of all allowed claims with interest. Such Quarterly Payment (as defined herein) shall be comprised of 100% of the distribution of MMP Portfolio proceeds from PDS to TPL and, for a period of time, 12% of Adjusted Gross Revenue. Until full payment of all allowed claims is made, TPL shall allow a nominee or representative of the Creditors’ Committee to occupy its seat on the PDS Management Committee. Payments will be made on a quarterly basis until the estate has been fully administered.</p>	<p>In its introductory paragraph TPL amends to explain the change in quarterly payment to include 100% of MMP Portfolio and the concession of control of TPL’s seat on the PDS Management Committee to an OCC representative.</p>
<p>Amd. Plan, 4:14-17</p> <p>1.22 “Gross Revenue” means cash received by TPL during each calendar quarter from (i) operations, including</p>	<p>The definition of “Gross Revenue” is modified to exclude</p>

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license payments, litigation settlements, judgments, damage awards and service fees, (ii) asset sales and (iii) interest and dividends.	MMP Portfolio proceeds from PDS.
Amd. Plan, 4:20	The definition of “NOP” has been deleted, and all references to it removed in favor of the redefined Quarterly Payment.
Amd. Plan, 5:3-5 1.29 “PDS Revenue” means the distribution from PDS of revenue from the MMP Portfolio to which TPL is entitled as a Member of PDS which does not include fees and expenses paid to TPL by PDS.	A definition is added for “PDS Revenue”
Amd. Plan, 5:6 1.30 “PDS Management Committee” means the Management Committee of PDS.	A definition has been added for the PDS Management Committee
Amd Plan, 5:12-18; Amd. DS 35:4-9 1.34 “Quarterly Payment” means (i) the payment made by TPL to the Claims Trust Account after the close of each full calendar quarter following the Effective Date comprised of 12% of AGR for such quarter until Classes 1 through 6 are paid in full plus (ii) the payment made by PDS to the Claims Trust Account after the close of each full calendar quarter following the Effective Date comprised of 100% of PDS Revenue, as adjusted herein or otherwise by consent of the Claims Trust Trustee.	“Quarterly Payment” is then modified to include both 12% of AGR until Classes 1-6 have been paid in full plus 100% of PDS Revenue.
Amd. Plan, 12:1-4; Amd. DS 40:1-12 4.06 TPL shall pay the Creditor Trust Trustee the Quarterly Payment every quarter other than the WCR, which shall be built by withholding from the Quarterly Payment a total of \$1 million over no fewer than 2 quarters after Confirmation.	In the Means of Execution section, the re-defined Quarterly Payment to be paid to the Creditor Trust Trustee replaces the payment of 12% of Adjusted Gross Revenue and NOP.
Amd. Plan 12:13-26; Amd. DS 40;24-41:10 4.08 At the Effective Date, Daniel Leckrone will resign from the PDS Management Committee. TPL shall allow the	Here, TPL’s amendment details the terms of turn-over of the

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<p>Committee to select an individual to fill its seat on the PDS Management Committee for such time until the Allowed Claims have been paid in full, at which time Mr. Leckrone's seat on the PDS Management Committee shall be restored to him (or his heir, successor or assign) automatically and without further Order of the Bankruptcy Court, though Mr. Leckrone may decline to accept the seat. TPL, as a condition of granting permission under this Plan for PDS to pay TPL's share of distributions to the Claims Trust Trustee, shall not be bound by any requirement to fund PDS during such time, nor shall TPL lose any ownership interest in PDS during such time. If the PDS Management Committee demands that TPL fund PDS, then Mr. Leckrone's seat on the PDS Management Committee shall immediately revert to him or his heir, successor or assign with the authority to approve any third member of such Committee as may be permitted by law and contract.</p>	<p>controlling interest in PDS from Mr. Leckrone to the OCC. It is worth noting that a requirement by PDS for TPL to fund PDS would result in the reassignment of the seat on the PDS Operating Committee back to Mr. Leckrone</p>
<p>Amd. Plan, 14:13-16; Amd. DS 42:17-18</p> <p>5.01.1 Confirmation of the Plan, subject to paragraph 5.01.2 of the Plan, effects the assumption of the following contracts: (1) the TPL/Moore/PTSC/PDS agreement dated January 23, 2013;</p>	<p>Conditioning the assumption of the January 23 settlement agreement that underlies the MMP revenue stream on payment concessions by Moore and PTSC has been removed and left to the OCC and PDS to deal with after confirmation.</p>
<p>Amd. Plan, 21:20-26</p> <p>10.14 <u>Post-Confirmation Compensation and Reimbursement of Professionals</u>. All professionals employed by TPL or the Committee after Confirmation shall be entitled to payment of their reasonable post-Confirmation fees and reimbursement of expenses on a monthly basis, subject to the following:</p> <p>...</p> <p>(3) If there is no objection to a party's requested fees and expenses within such fifteen (15) day period, the Claims Trust Trustee shall promptly pay the requested amount of Committee Professionals' fees and costs in full from the Quarterly Payment; if no such funds exist, then such payment shall be delayed until funds from the Quarterly Payment are available and all Classes impacted by such payment have consented. TPL shall pay the fees and costs</p>	<p>With the granting of 100% of the MMP Portfolio revenues to creditors, the amendment proposes that the Quarterly Payment, including that much more definitive income stream, be the source of payment of Committee professionals, while TPL pay its professionals from the remaining other non-MMP revenue streams.</p>

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of its professionals from operations. If an objection to a portion of the fees or expenses requested is timely served, TPL shall promptly pay the undisputed portion of such fees and expenses as set forth above.	
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Dated: November 25, 2013

BINDER & MALTER

By: /s/ ROBERT G. HARRIS
ROBERT G. HARRIS

Attorneys for Debtor Technology Properties Limited, LLC

Dated: November 25, 2013

TECHNOLOGY PROPERTIES LIMITED, LLC

By: /s/ DANIEL E. LECKRONE
DANIEL E. LECKRONE

Its: Responsible Corporate Individual

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TECHNOLOGY PROPERTIES LIMITED LLC

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re:

TECHNOLOGY PROPERTIES LIMITED
LLC, a California limited liability company,

Debtor.

Case No.: 13-51589SLJ

Chapter 11

DISCLOSURE HEARING

Date: December 5, 2013

Time: 1:30 p.m.

Place: Courtroom 3099
280 South First Street
San Jose, California

TPL PLAN OF REORGANIZATION
(~~OCTOBER 31~~NOVEMBER 22, 2013)

Debtor and debtor in possession Technology Properties Limited LLC ("TPL") hereby submits to its creditors the TPL Plan of Reorganization (~~October 31~~November 22, 2013)(the "Plan"), pursuant to Chapter 11 of Title 11 of the United States Code. This Plan is a plan of reorganization under which TPL will operate and pay its creditors the net proceeds of

TPL Plan of Reorganization (~~October 31~~November 22, 2013)

Page 1

operations quarterly for a period of five years after ~~its~~this Plan's effective date, or such longer time, without limitation, as may be required to achieve full payment of all allowed claims with interest. Payment Such Quarterly Payment (as defined herein) shall be comprised of 100% of the distribution of MMP Portfolio proceeds from PDS to TPL and, for a period of time, 12% of Adjusted Gross Revenue. Until full payment of all allowed claims is made, TPL shall allow a nominee or representative of the Creditors' Committee to occupy its seat on the PDS Management Committee. Payments will be made on a quarterly basis until the estate has been fully administered.

I. DEFINITIONS

As used in this Plan, the following definitions shall apply:

1.01 "13% Investors" refer to Chet and Marcie Brown, Susan Anhalt, Mac Leckrone, John Leckrone, Todd Kirkendall, the Estate of James V. Kirkendall, and Alan Marsh.

1.02 "Administrative Claim" means a claim entitled to priority under Section 507 of the Code.

1.03 "Adjusted Gross Revenue" or "AGR" means Gross Revenue less amounts owing under patent litigation counsel contingency retainer agreements for CORE Flash, Fast Logic and 3D ART, and agreements with third-party inventors including but not limited to Thunderbird Technologies and Adrian Sfarti.

1.04 "Alliacense Services Agreement" means that March 19, 2012 Amended Services Agreement between TPL and Alliacense Limited, LLC.

1.05 "Allowed" refers to a claim which is evidenced by either (a) a timely-filed proof of claim docketed by the Bankruptcy Court, or (b) an amount contained in TPL's Schedules of Liabilities D, E, or F, or any amendments thereto, and listed as other than disputed, contingent or

unliquidated, to which no objection has been filed, or which has been allowed by a final Order of the Court.

1.06 “Bankruptcy Case” means In re Technology Properties, Limited, LLC, Chapter 11 case number Case No.: 13-51589SLJ and pending in the Court.

1.07 The “Brown/TPL Appeal” means the appeal arising from the entry of judgment against TPL in Santa Clara Superior Court case number 1-09-CV-159452.

1.08 “CCC” means Cupertino City Center Buildings, a California Limited Partnership.

1.09 “Cash” means cash and cash equivalents, including but not limited to checks and similar forms of payment or exchange.

1.10 “Claim,” as used herein, is defined in Section 101(5) of the Code.

1.11 “Claims Trust Account” means the trust account to be established and utilized by TPL to pay claims from and after the Effective Date.

1.12 "Code" means title 11, United States Code, Sections 101 through 1330.

1.13 "Confirmation" means the date of entry of the Confirmation Order.

1.14 “Confirmation Order” means the Order confirming the Plan under Section 1129 of the Code.

1.15 "Court" means the United States Bankruptcy Court for the Northern District of California, San Jose Division 5, acting in the Bankruptcy Case.

1.16 “Creditor Trust” means that trust for the benefit of creditors, established as of Confirmation and set forth in the Confirmation Order.

1.17 “Creditor Trust Trustee” means the person approved at the Confirmation hearing to be trustee of the Creditor Trust, selected by the Court from a list compromised of John Richardson, David Bradlowe, and Susan Uecker, who shall have the following powers and

duties: (1) to receive and distribute funds for the payment of creditors under the Plan; (2) to investigate all claims by and causes of action against TPL insiders and non-insider creditors ; and, (3) to bring, defend or challenge any and all ~~such~~ claims as and causes of action that he or she reasonably believes should be ~~dealt with~~ prosecuted in his or her business judgment.

1.18 “Creditors’ Committee” means the Official Unsecured Creditors’ Committee of Technology Properties Limited LLC.

1.19 “Disputed Claim” means any claim which is not an Allowed Claim.

1.20 “Distribution Agent” means the Creditor Trust Trustee or his or her designee.

1.21 “Effective Date” means 30 days after the entry of the Confirmation Order, or such later date as TPL has sufficient cash to make all payments required under the Plan on the Effective Date, provided however that the Effective Date shall be July 1, 2014, if no earlier date is declared by TPL.

1.22 “Gross Revenue” means cash received by TPL during each calendar quarter from (i) operations, including license payments, litigation settlements, judgments, damage awards and service fees, (ii) ~~distributions to owners by entities in which TPL has an ownership interest (e.g., PDS), (iii)~~ asset sales and ~~(iv)~~ interest and dividends.

1.23 “Incentive Compensation Contracts” mean the agreements between TPL and Mac Leckrone, Dwayne Hannah, Janet Neal, Mike Davis, Robert Neilson and Nick AntonopoulosAntonopoulos.

1.24 “ITC” means the United States International Trade Commission.

1.25 “MMP Portfolio” means the Moore Microprocessor Portfolio.

~~1.26 “NOP” means the net operating profit generated by TPL’s business activities defined as the difference between collections from accounts receivable, lawsuit recoveries,~~

~~license royalties and all other sources of revenue from operations during each calendar quarter, less all costs of operation including but not limited to salaries, wages, benefits, rent, utilities, taxes, the \$1.0 million WCR, amounts necessary to replenish the WCR to \$1.0 million, and payments under the Plan (including the Minimum Distribution).~~

~~1.27~~ 1.26 “Notice Parties” means those persons and entities who have advised TPL in writing of their desire to receive notices of matters as to which TPL must provide notice under the Plan such as applications for compensation.

~~1.28~~ 1.27 “Patriot” means Patriot Scientific Corporation.

~~1.29~~ 1.28 “PDS” means Phoenix Digital Solutions LLC.

~~1.30~~ 1.29 “PDS Revenue” means the distribution from PDS of revenue from the MMP Portfolio to which TPL is entitled as a Member of PDS which does not include fees and expenses paid to TPL by PDS.

1.30 “PDS Management Committee” means the Management Committee of PDS.

1.31 “Patent Actions” refers to the ITC and District Court actions involving the MMP Portfolio, the CORE Flash Portfolio and the Fast Logic Portfolio.

~~1.31~~ 1.32 “Plan” means the TPL Plan of Reorganization (~~October 31~~ November 22, 2013) in its current form or as it may be amended and/or supplemented from time to time.

~~1.32~~ 1.33 “PTO” means the U.S. Patent and Trademark Office.

~~1.33~~ 1.34 “Quarterly Payment” means (i) the payment made by TPL to the Claims Trust Account after the close of each full calendar quarter following the Effective Date comprised of the Minimum Distribution plus the NOP12% of AGR for such quarter until Classes 1 through 6 are paid in full plus (ii) the payment made by PDS to the Claims Trust Account after the close of

each full calendar quarter following the Effective Date comprised of 100% of PDS Revenue, as adjusted herein or otherwise by consent of the Claims Trust Trustee.

1.3435 “Responsible Corporate Individual” means Mr. Daniel E. Leckrone.

1.3536 The “TPL/Moore ‘Roe’ Litigation” means Santa Clara Superior Court Action number 1-10-CV183613, entitled *Charles H. Moore v. Technology Properties Limited. et al.*

1.3637 Unsecured Creditors’ Lien means a lien junior to all existing liens against all assets of TPL granted on the Effective Date to secure the payment of Allowed claims in Class 6 and Class 7.

1.3738 “Venkidu” means Arockiyaswamy Venkidu, as representative of the former shareholders of OnSpec Electronic Inc.

1.3839 “WCR” means TPL’s \$1.0 million working capital reserve.

II. PLAN OF REORGANIZATION

2.01 General: The treatment of claims described below applies only to Allowed Claims. Distributions to claimants who hold Claims which are not Allowed Claims as of the Effective Date will be withheld in accordance with the Plan’s provisions for the treatment of Disputed Claims.

2.02 Unclassified Claims: Section 1123(a)(1) of the Code provides that certain claims, including administrative expense claims and post-petition tax claims by governmental units entitled to priority under Section 507(a)(2) of the Code, and pre-petition unsecured priority tax claims entitled to priority under Section 507(a)(8) of the Code are not classified under the Plan. Unclassified claims include expected fees for estate professionals Binder & Malter, LLP, Dorsey & Whitney, LLP, and other TPL and Committee professionals employed under Section 327 and, as may be the case, also Section 328 of the Code.

2.03 Classified Claims:

2.03.1 Class 1 consists of the Allowed Claims of unsecured creditors entitled to priority under Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

2.03.2 Class 2 consists of the Allowed, first priority secured Claim of CCC.

2.03.3 Class 3 consists of the Allowed, second priority secured Claim of Daniel E. Leckrone.

2.03.4 Class 4 consists of the Allowed, third priority secured Claim of Venkidu.

2.03.5 Class 5 consists of the Allowed Claims of (1) holders of unsecured debt with a face amount of \$5,000 or less, (2) holders of Allowed Claims that are both unsecured and are reduced by agreement to \$5,000 or less, and (3) holders of claims reduced by an Order of the Court on an objection to an Allowed Claim of \$5,000 or less.

2.03.6 Class 6 consists of the Allowed Claims of holders of general unsecured obligations by TPL.

2.03.7 Class 7 consists of the unsecured Allowed Claims of the 13% Investors.

2.03.8 Class 8 consists of the interests of Daniel E. Leckrone in TPL.

2.04 Treatment of Claims:

Unclassified Claims.

2.04.1 Administrative Claims For Professional Fees. Professional persons who hold Allowed Claims entitled to priority as administrative expenses under Section 507(a)(2) of the Code shall receive payment of their Allowed Claims in Cash upon the issuance of an interim or final Court Order approving such payments except to the extent that a claimant or claimants may agree to a less favorable treatment in writing.

2.04.2 Other Administrative Claims. Any other persons or entities which may hold Allowed Claims entitled to priority as administrative expenses under Section 507(a) of the Code, shall receive payment of their Allowed Claims in Cash on the Effective Date, unless otherwise agreed by a particular claimant.

Classified Claims.

2.04.3 The holders of Class 1 Allowed Claims shall receive payment of 100% of the amount of their Allowed Claims, without interest, on the Effective Date.

2.04.4 CCC shall receive on account of its Class 2 Allowed secured Claim payment in full over time with interest at a rate reduced from contract as follows: CCC shall retain the lien against its collateral. CCC shall receive 75% of the Quarterly Payment until CCC has been paid in full, which shall occur within 4 months after the Effective Date. CCC shall not receive, and by voting affirmatively for the Plan waives, the last \$50,000 of accrued interest owed under its settlement agreement with TPL. The remaining 25% of the Quarterly Payment shall be deposited into the Claims Trust Account and reserved to pay interest to Mr. Venkidu as set forth in Section 2.04.6 and the claims of Class 6 unsecured creditors under the Plan. CCC's lien shall remain on said funds until it has been paid in full. By voting in favor of the Plan CCC consents explicitly to the payment of the aforementioned 25% of the Quarterly Payment

2.04.5 Daniel E. Leckrone shall voluntarily subordinate his secured and unsecured claims until such time as (a) the Plan has been completed; (b) the Bankruptcy Case has been dismissed or converted; or (c) five years has passed following the Effective Date, and CCC, Venkidu and the holders of Class 6 Allowed unsecured Claims have been paid in full. After one of the aforementioned events have taken place, Mr. Leckrone shall receive on account

of his Class 3 Allowed secured Claim payment in full over time with interest as follows: Mr. Leckrone shall retain the lien against his collateral, and after payment of all unclassified and classified Allowed Claims set forth in Classes 1-6 herein has been completed, Mr. Leckrone shall receive 75% of the Quarterly Payment until his Allowed secured Claim has been paid in full with interest at 3% *per annum*. The remaining 25% of the Quarterly Payment shall be deposited into the Claims Trust Account and reserved to pay the claims of Class 7 under the Plan. Mr. Leckrone's lien shall remain on said funds until it has been paid in full. By voting in favor of the Plan Mr. Leckrone consents explicitly to the payment of the aforementioned 25% of the Quarterly Payment to Class 7 creditors before he has been paid in full.

2.04.6 Mr. Venkidu shall receive on account of his Class 4 Allowed secured Claim payment in full over time with interest at a rate reduced from the contractual 8% to 7% as follows: Mr. Venkidu shall retain his lien against his collateral. After payment in full to CCC, Mr. Venkidu shall receive 75% of the Quarterly Payment until Mr. Venkidu has been paid in full. Until the payment in full of CCC and commencement of payments of 75% of NPO, Mr. Venkidu shall receive monthly interest payments on his entire Allowed Claim at a rate of 7% simple interest per year, to be paid from the remaining 25% of the Quarterly Payment. Once Mr. Venkidu is receiving 75% of the Quarterly Payment, the remaining 25% of ~~NOP~~the Quarterly Payment shall be deposited into the Claims Trust Account and reserved to pay the claims of Class 6 unsecured creditors under the Plan. Mr. Venkidu's lien shall remain on said funds until he has been paid in full. By voting in favor of the Plan, Mr. Venkidu consents explicitly to the payment of the aforementioned 25% of the Quarterly Payment to general unsecured Class 6 creditors before he has been paid in full.

2.04.7 Holders of Class 5 Allowed Claims shall receive payment in full of their Allowed Claims, to the extent they have been reduced by agreement or by final Order of the Court to \$5,000 or less. Payment shall occur on the Effective Date.

2.04.8 Holders of Class 6 Allowed Claims shall on the Effective Date become the beneficiaries of the Unsecured Creditors' Lien and receive payment in full over time as follows: holders of Allowed Claims will receive quarterly *pro rata* payments of 25% of the Quarterly Payment (less interest paid to Mr. Venkidu) until Class 2 and Class 4 have been paid in full and 100% of the Quarterly Payment following the payment in full of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Holders of Class 6 Allowed Claims shall receive interest on their claims from the Petition Date calculated at three percent *per annum* or such other rate as the Bankruptcy Court may direct is required in order to confirm the Plan.

2.04.9 Holders of Class 7 Allowed Claims will, if they vote to accept the Plan, receive distributions equal to 20% of their Allowed Claims, without interest, following the completion of payment of all Allowed Unclassified Claims and Allowed Classified Claims in Classes 1-6. If Class 7 does not vote to accept the Plan pursuant to Section 1126(c) of the Code, then each holder of an Allowed Claim in Class 7 shall be entitled to receive payment in full as a member of Class 6, subject to TPL's and the Creditor Trust Trustee's right to (a) bring an action to subordinate such dissenting member(s) claims pursuant to Section 510(b) of the Code, or any other applicable law, or (b) challenge any Class 7 claim not voting to accept the Plan on any other ground.—

2.04.10 Mr. Leckrone shall retain his Class 8 interests in TPL without modification.

III. CLASSES IMPAIRED BY THE PLAN

3.01 Class 1, Class 2, Class 3, Class 4, Class 5, Class 6, and Class 7 are impaired by the Plan. Class 8 is unimpaired by the Plan.

IV. MEANS FOR EXECUTION OF THE PLAN

4.01 The Creditor Trust Trustee shall establish a separate, segregated bank account by the Effective Date which shall be the Claims Trust Account. On or before the Effective Date, TPL shall fund said Claims Trust Account with ~~available NOP~~ funds from operations, which shall be used to enable the Claims Trust Trustee to make all payments due on the Effective Date; provided, however, that if ~~NOP is~~ there are not sufficient funds from operations to make all payments that are due on the Effective Date, then such payments shall be made *pro rata* until paid in full ~~from NOP~~. Following the close of each calendar quarter following the Effective Date, TPL shall transmit the Quarterly Payment to the Claims Trust Trustee for deposit into the Claims Trust Account; provided, however, that in any quarter in which the transmittal of the Quarterly Payment to the Creditor Trust Trustee would result in a reduction of the WCR, the Quarterly Payment for that quarter shall be reduced accordingly. Such reduction shall not be a Plan default as long as TPL has transmitted to the Claims Trust Trustee an amount equal to 12% of Adjusted Gross Revenue annually. The Creditor Trust Trustee shall distribute from the Claims Trust Account the sums specified in the Plan.

4.02 Subject to Section 4.01 above, on the Effective Date, the Creditor Trust Trustee shall pay any administrative priority claims for professional fees and costs allowed by Order of the Court unless the claimant agrees to another treatment. Professional fees and costs incurred after Confirmation by TPL's professionals shall be paid from the sums reserved for professional fees payable after the submission of bills in the ordinary course to TPL according to the notice procedure set forth in the Plan.

4.03 Subject to Section 4.01, on the Effective Date the Creditor Trust Trustee shall pay all Class 1 and Class 5 Allowed Claims.

4.04 On the Effective Date, TPL shall execute and file documents granting holders of Class 6 Allowed Claims the Unsecured Creditors' Lien.—

4.05 TPL shall pay into the Creditors Trust as a reserve on the Effective Date an amount equal to all currently asserted administrative claims to pay operating expenses and professional fees prior to the Creditor Trust Trustee making any distributions to creditors.

4.06 TPL shall pay the Creditor Trust Trustee ~~12% of its Adjusted Gross Revenue and all remaining NOP~~the Quarterly Payment every quarter other than the WCR, which shall be built by withholding from ~~revenue~~the Quarterly Payment a total of \$1 million over no fewer than 2 quarters after Confirmation.

~~4.06~~07 TPL shall reduce its annual operating budget for employee salaries, overhead, and G&A expenses to \$3 million until such time as holders of Allowed Claims in Classes 1, 2, 4 and 5 are paid in full and holders of Allowed claims in Class 6 have been paid at least 50% of amounts owing, at which time TPL may increase its operating budget for staffing and salaries back to their original levels. As part of the aforementioned reduction Daniel E. Leckrone, Susan Anhalt, and Janet Neal shall commencing upon the Effective Date defer 10% of their salaries. The amount of salary deferred will be repaid by TPL from operating funds *pari passu* with the percentage of Allowed Class 6 claims paid by the Creditor Trust Trustee.

~~4.07~~4.08 At the Effective Date, Daniel Leckrone will resign from the PDS Management Committee. TPL shall allow the Committee to select an individual to fill its seat on the PDS Management Committee for such time until the Allowed Claims have been paid in full, at which time Mr. Leckrone's seat on the PDS Management Committee shall be restored to him

(or his heir, successor or assign) automatically and without further Order of the Bankruptcy Court, though Mr. Leckrone may decline to accept the seat. TPL, as a condition of granting permission under this Plan for PDS to pay TPL's share of distributions to the Claims Trust Trustee, shall not be bound by any requirement to fund PDS during such time, nor shall TPL lose any ownership interest in PDS during such time. If the PDS Management Committee demands that TPL fund PDS, then Mr. Leckrone's seat on the PDS Management Committee shall immediately revert to him or his heir, successor or assign with the authority to approve any third member of such Committee as may be permitted by law and contract. .

4.09 TPL shall continue to manage licensing, and litigation, and pay its contingent fee counsel and Alliacense according to the terms of the contracts with each of them and will be free to enter into new contracts with other counsel and service provides to prosecute existing or future litigation, manage prosecution and maintenance of patent Portfolios it commercializes and assist in its business affairs in its business judgment. TPL will also pay third-party litigation costs in its various litigations as well as pay for prosecution and maintenance related to the portfolios it licenses.

4.0810 To the extent that insufficient cash is on hand at the Effective Date to pay any claim under the Plan in Class 1 or Class 5, ongoing sums collected by TPL shall be utilized to make such payments, and it shall not be a Plan default so long as the full amount contemplated by the Plan to be paid is made within one year of the Effective Date.

4.0911 TPL is authorized, along with the Creditor Trust Trustee, to bring objections to the claims that it disputes and bring actions to recover preferential transfers and fraudulent conveyances pursuant to its avoiding powers under the Code, as well as any other legal or equitable actions as it deems appropriate. The list of persons and entities subject to potential suit

and potential objections to claims is listed in Exhibit “B” to the Disclosure Statement. The Creditor Trust Trustee is authorized to object to the claims of Daniel E. Leckrone and any other insider or related entity, to seek the subordination or re-characterization of such claims as equity, or to bring suit for recovery from Mr. Leckrone or any insider under sections 547, 548, 550 or 553 of the Code. :

4.1012 TPL and the Creditor Trust Trustee are each separately and independently authorized and empowered to bring actions against the 13% Investors to subordinate or challenge their claims on any ground.

4.1113 TPL will operate and pay its creditors according to the terms of the Plan for a period of five years after the Effective Date, or such longer time, without limitation, as may be required to achieve full payment of all Allowed claims with interest as set forth in the Plan. Payment will be made on a quarterly basis until the estate has been fully administered.

4.1214 The Plan will conclude when all objections to claims have been determined by final Order, all adversary proceedings have been resolved with a final judgment or Order of dismissal, applications for all professional fees have been heard and all amounts allowed paid, all U.S. Trustee fees have been paid, and any final reserves and monies owing have been collected and distributed.

V. EXECUTORY CONTRACTS

5.01 The Plan treats TPL’s executory contracts as follows:

5.01.1 Confirmation of the Plan, subject to paragraph 5.01.2 of the Plan, effects the assumption of the following contracts: (1) the TPL/Moore/PTSC/PDS agreement dated January 23, 2013, ~~provided that Moore and PTSC’s entitlement to 2.5% and 4%, respectively, of advances paid by PDS against future distributions be waived by each of Moore and PTSC and provided that no party is in default thereunder;~~ (2) Commercialization Agreements for CORE

Flash, Fast Logic and 3D ART; (3) TPL's Agreements with Thunderbird Technologies; (4) the Marcoux-TPL Settlement Agreement; (5) TPL's GE Copier leases; (6) TPL's Service Agreement with TriNet Acquisition Corporation; and (7) TPL's Plan Service Agreement with Fidelity Management Trust Company.

5.01.2 Confirmation of the Plan effects the rejection of the following contracts:

(a) TPL's Commercialization Agreements with VNS Portfolio LLC, Wafer-Level Packaging Portfolio LLC, SWAT/ACR Portfolio LLC, Multipath Portfolio LLC, Interconnect Portfolio LLC, Online Security Portfolio LLC, Audio Technology Partners LLC, the Peerless Hearing Aid Company, SyberSay Communications Corporation; and (b) TPL's Service Agreement with Semiconductor Insights.

5.01.3 All Incentive Compensation Contracts are rejected as of the Effective Date and any damages claimed as a result will be treated as general unsecured Class 6 claims unless subordinated by agreement or Order of the Bankruptcy Court.

5.02 Other contracts of TPL not previously and expressly assumed or rejected by TPL by final Order of the Court, such as its worldwide non-exclusive patent licenses, are deemed under such circumstances to have "passed through" the bankruptcy and will remain in effect without modification, including the Alliacense Amended Services Agreement.

5.03 Alliacense has agreed that TPL's position of not assuming the agreement will not trigger an immediate termination by Alliacense of the agreement or a demand to renegotiate the payment structure of the agreement at market rates at this time.

5.04 TPL has requested that Alliacense further agree that damages resulting from an action to recover sums from Alliacense, successful or otherwise, shall be treated as a pre-petition Class 6 general unsecured claim, subject to further order of the Bankruptcy Court following action by the Creditors' Trust Trustee, if any, to subordinate such claim.

5.05 If Alliacense fails by Confirmation to agree in writing ~~consent~~ to the treatment set forth in paragraph 5.04 of the Plan, then the Alliacense Services Contract shall be immediately rejected under Section 365 of the Bankruptcy Code without further notice or hearing after Confirmation.

VI. DISPUTED CLAIMS

6.01 The Creditors' Trust Trustee shall maintain in the Claims Trust Account prior to distribution 100% of the amount to which any the holder of any Disputed Claim would be entitled plus interest at the rate of interest accorded to that claim under the Plan. The Creditors' Trust Trustee shall hold that amount, plus additional distributions segregated, until such time as the rights of the claimant for whom funds have been segregated have been determined. If the claim becomes an Allowed Claim, then the Creditors' Trust Trustee shall distribute the funds according to the terms of the Order allowing a particular claim. If the Disputed Claim is ultimately disallowed, then the Creditors' Trust Trustee shall utilize the funds withheld to pay creditors according to the terms of the Plan.

VII. VOLUNTARY SUBORDINATION OF CLAIMS

7.01.1 The following creditor has agreed to voluntarily subordinate his pre-petition secured claim to the payment of all Allowed Claims in Class 1 through Class 76, inclusive, under this Plan: Daniel E. Leckrone. The subordination shall be effective until such time as (a) the Plan has been completed; (b) the Bankruptcy Case has been dismissed or converted; or (c) five years has passed following the Effective Date, and CCC, Venkidu and the holders of Class 6 Allowed unsecured Claims have been paid in full.

7.01.2 Mr. Leckrone agrees to an open-ended extension of the statute of limitations for the Creditor Trust Trustee to bring avoidance actions under the Bankruptcy Code against him.

##

VIII. DIRECTION OF DISTRIBUTIONS AND UNCLAIMED PROPERTY

8.01 The Creditor Trust Trustee shall mail payments under the Plan to the last known address of the holder of an Allowed Claim. Such address shall be the address set forth in TPL's Schedules of Assets and Liabilities unless updated by a proof of claim or other notice of change of address which has been both filed with the Court and served on TPL, the Creditor Trust Trustee, and their respective counsel.

8.02 If a payment is returned to the Creditor Trust Trustee for lack of a proper address, then TPL shall, after making reasonable efforts to locate a current address for the payee and send the payment, hold the returned payment for a period of 90 days. If the payee fails to claim the payment within that 90-day period, then the Creditors' Trust Trustee shall be entitled to return the payment to the Claims Trust Account and distribute it to the other creditors to pay their Allowed Claims in accordance with the Plan, and the Claimant entitled to such payment shall be deemed to have been paid. "Reasonable efforts" are limited to checking the telephone directory and an internet search in the county in which the last known address of a creditor was located for a more current address.

IX. PLAN MODIFICATION

9.01 The Plan may be modified only in accordance with the provisions of the Code. TPL shall be entitled to treat any claimant or class of claimants less favorably than is provided in the Plan with the written consent of the affected claimant or class of claimants.

X. GENERAL PROVISIONS

10.01 Binding Effect of the Plan. The provisions of the Plan shall bind TPL or any person or entity asserting a claim against TPL, whether or not such claim arose before or after TPL filed the Bankruptcy Case, whether or not the claim is impaired under the Plan, and whether or not such person or entity has accepted the Plan.

10.02 Jurisdiction of the Court. Until the case is closed, the Court shall retain jurisdiction to ensure that the purpose and intent of the Plan is carried out. The Court shall retain jurisdiction to (a) to determine the allowance or disallowance of claims and interests; (b) to hear and determine proceedings initiated before or after Confirmation and the Effective Date regarding the avoidance of lien transfers, recovery of property and subordination of claims and interests; (c) to fix and approve allowance of compensation and other administrative claims, including, if appropriate, payments to be made in connection with the Plan; (d) to adjudicate controversies arising from the terms of the Plan; (e) for the purpose of modifications of or amendments to the Plan to the extent permitted by Bankruptcy Code Section 1127 and Federal Rule of Bankruptcy Procedure 3019; (f) to enforce or interpret the provisions of the Plan, the Confirmation Order, or any other Order entered by the Bankruptcy Court in the Bankruptcy Case; (g) to facilitate the consummation of the Plan; (h) to enter an Order closing the Bankruptcy Case; and (i) for such other matters as may be set forth in the Plan or Confirmation Order.

10.03 Injunction. The Confirmation Order shall provide, and shall operate as, an injunction against the commencement or continuance of any action, to collect, recover, or offset from TPL any claim or interest which is treated in the Plan, except as otherwise permitted by the Plan, or by final Order of the Court. The Court shall have jurisdiction to determine an award of damages to TPL for any violation of the injunction provided for in the Plan or the Confirmation

Order, including but not limited to, compensatory damages, professional fees and expenses and costs, and exemplary or punitive damages for any willful violation of said injunction.

~~10.04 Vesting of Property of the Estate. All of the interest in the property of TPL shall revert in TPL on the Effective Date. Such property shall be retained and used by TPL as provided in the Plan, free and clear of all claims, liens, charges, and other interests of persons or entities arising before or after the commencement of the Bankruptcy Case except as provided in the Confirmation Order and in the Plan.~~

~~10.05~~ 10.04 Post-Confirmation United States Trustee Quarterly Fees. A quarterly fee shall be paid by TPL to the United States Trustee, for deposit into the Treasury, for each quarter (including any fraction thereof) until this case is converted, dismissed, or closed pursuant to final decree, as required by 28 U.S.C. §1930(a)(6).

10.0605 Post-Confirmation Reports. At the end of the first calendar quarter after entry of the Confirmation Order, TPL shall file a post-confirmation status report. The report shall explain the progress made toward substantial consummation of the Plan. The report shall include a statement of receipts and disbursements, with the ending cash balance, for the entire 90-day period. The report shall also include information sufficiently comprehensive to enable the Court to determine (1) whether the Order confirming the Plan has become final; (2) whether deposits, if any, required by the Plan have been distributed; (3) whether any property proposed by the Plan to be transferred has been transferred; (4) whether TPL under the Plan has assumed the business or management of the property dealt with by the Plan; (5) whether payments under the Plan have commenced; (6) whether accrued fees due to the United States Trustee under 28 U.S.C. §1930(a)(6) have been paid; and (7) whether all motions, contested matters and adversary

proceeding have been finally resolved. Further reports must be filed every 90 days thereafter until entry of a final decree, unless otherwise ordered by the Court.

10.0706 Service Of Reports. A copy of each report shall be served, no later than the day upon which it is filed with the Court, upon the United States Trustee and such other persons or entities as may request such reports in writing by special notice filed with the Court.

10.0807 Effect Of Failure To File Post-Confirmation Reports. Failure to timely file the required reports may constitute a ground for the bringing of a motion to convert or dismiss the Bankruptcy Case, whichever is in the best interest of the creditors and the estate, pursuant to Section 1112(b) of the Code

10.0908 Final Decree. After the estate is fully administered, TPL shall file an application for a final decree. TPL shall serve the application on the United States Trustee. The form of proposed Order granting the application shall be approved by the United States Trustee prior to submission of the Order to the Court. The approval of the United States Trustee shall be a condition precedent to the entering of the final decree closing the Bankruptcy Case.

10.1009 Severability. Should any term or provision of the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any other term or provisions of the Plan.

10.1110 Plan Controls Disclosure Statement. In the event and to the extent that any provision of the Plan is inconsistent with or contrary to the provisions of the Disclosure Statement, the provisions of the Plan shall control and take precedence.

10.1211 Default Under Plan. Any holder of an Allowed Claim entitled to a payment that is not paid may serve TPL and the undersigned counsel at the address in the caption of this pleading with a notice of alleged default. Said notice must state with specificity the date

of the alleged default, the amount which the noticing party claims was not paid, and any other relevant facts pertaining to the asserted default. If the alleged default is disputed by TPL, then TPL may contest the asserted default in the Bankruptcy Court at a hearing on at least 10 days' notice to the party claiming a default. Upon a final adjudication of the matter by the Court, if the alleged default is in fact a default and TPL fails to cure such default within thirty (30) days from the date of service of notice of default, then, on or after the 31st day after service of the notice, the noticing party may set a motion to convert the Bankruptcy Case to Chapter 7 for hearing before the Bankruptcy Court. The motion to convert shall be heard on not less than 21 days' notice. TPL may cure the default without prejudice to the continued effectiveness of the Plan until the issuance of an Order converting the Bankruptcy Case to Chapter 7.

10.1312 Vesting Of Property. Vesting of property of the estate in TPL pursuant to Section 1141(b) of the Bankruptcy Code shall not occur until the Plan has been successfully completed. If TPL materially defaults on any obligations under the Plan, then upon successful post-confirmation motion to convert this case to a case under Chapter 7 of Title 11, by the United States Trustee or any party in interest, the Plan shall terminate, and the Chapter 7 estate shall consist of all remaining property not already administered. Such remaining property shall be administered by the Chapter 7 trustee as prescribed in Chapter 7 of the Bankruptcy Code. ~~TPLs~~ TPL reserves the right to oppose any such motion.

10.1413 Post-Confirmation Employment of Employees and Others. TPL may continue to employ and pay its employees subject to compliance with applicable state law. TPL's may continue to employ professionals for the purposes for which they were employed before Confirmation, and for such additional purposes as it may request. TPL also may employ other

professionals as necessary to perform its responsibilities under the Plan and within its business judgment.

10.1514 Post-Confirmation Compensation and Reimbursement of Professionals.

All professionals employed by TPL or the Committee after Confirmation shall be entitled to payment of their reasonable post-Confirmation fees and reimbursement of expenses on a monthly basis, subject to the following:

- (1) Each party requesting payment of such compensation shall serve a detailed statement of requested fees and expenses on TPL and the Notice Parties.
 - (2) Any Notice Party or other party in interest may object to any portion of the requested fees and expenses. Any objection to the payment of fees or reimbursement of expenses shall be in writing (and sufficiently detailed to allow the party whose compensation is subject to the objection an opportunity to respond, and ultimately allow the Bankruptcy Court to rule on such objection) and served on the Notice Parties and the party whose compensation is subject to the objection. Such an objection must be served within fifteen (15) days after service of the detailed statement.
 - (3) If there is no objection to a party's requested fees and expenses within such fifteen (15) day period, ~~TPL~~the Claims Trust Trustee shall promptly pay the requested amount of Committee Professionals' fees and costs in full from ~~available NOP~~the Quarterly Payment; if no such ~~NOP exists~~funds exist, then such payment shall be delayed until ~~NOP is~~funds from the Quarterly Payment are available and all Classes impacted by such payment have consented. TPL shall pay the fees and costs of its professionals from operations.
- If an objection to a portion of the fees or expenses requested is timely served, TPL shall promptly pay the undisputed portion of such fees and expenses as set forth above.

(4) To the extent that an objection is timely served, ~~the Corporate Responsible Individual~~ TPL or the Claims Trust Trustee, as the case may be, shall reserve monies in the amount of the disputed fees and expenses pending resolution of said objection subject to available ~~NOP~~ funds from operations.

(5) Any objection to a request shall be resolved by either: (a) written agreement between the party requesting such fees and expenses and the objecting party; or (b) resolution of the disputed amount by the Bankruptcy Court pursuant to a Final Order. Resolution by the Bankruptcy Court shall be requested by motion filed and served on the Notice Parties in accordance with the Bankruptcy Rules and the Local Rules on not less than twenty (20) days notice and such motion may be filed by either the requesting party or the objecting party. Any opposition to the motion shall be filed and served no later than five (5) days prior to the hearing.

(6) Professionals shall not otherwise be required to file applications for Bankruptcy Court approval of post-Confirmation fees and expenses.

~~10.1615~~ Creditors' Committee. The Committee shall terminate and be dissolved on the Effective Date.

Post-Confirmation Notice.

10.16.1 Notice Generally. To the extent any action taken in the Bankruptcy Case on the Effective Date requires notice under the Bankruptcy Code or the Bankruptcy Rules, including compromises of controversy, the Order Limiting Notice entered in the Bankruptcy Case shall continue in effect and notice shall be required to the Notice Parties pursuant to the Notice Procedure, provided that notice shall not be required to any Person whose Claims have been paid in full.

10.16.2 Notice Procedure. Whenever the Plan requires TPL to comply with the Notice Procedure, TPL shall serve a written notice to the Notice Parties (each, a “Notice Recipient”) of the proposed action. TPL shall be authorized to take any action proposed to be taken in such notice fifteen (15) days after service of such notice unless before the expiration of such fifteen (15) day period a Notice Recipient has filed an objection to such proposed action with the Bankruptcy Court and scheduled a hearing on such objection within thirty (30) days after the filing of such objection and upon not less than twenty (20) days notice to all Notice Parties. If any such objection is filed, TPL will not take the proposed action unless the Bankruptcy Court approves such action or the objecting party withdraws the objection.

| Dated: ~~October 31~~November 22, 2013

BINDER & MALTER

By: /s/ ROBERT G. HARRIS
ROBERT G. HARRIS

Attorneys for Debtor Technology Properties Limited, LLC

| Dated: ~~October 31~~November 22, 2013
LLC

TECHNOLOGY PROPERTIES LIMITED,

By: /s/ DANIEL E. LECKRONE
DANIEL E. LECKRONE

Its: Responsible Corporate Individual

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13 TECHNOLOGY PROPERTIES LIMITED LLC

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SAN JOSE DIVISION**

17 In re:
18 TECHNOLOGY PROPERTIES LIMITED
19 LLC, a California limited liability company,
20 Debtor.

Case No.: 13-51589SLJ

Chapter 11

Date: December 5, 2013

Time: 1:30 p.m.

Place: Courtroom 3099

280 South First Street
San Jose, California

21 **DISCLOSURE STATEMENT RE:**
22 **TPL PLAN OF REORGANIZATION**
23 **(~~October 31~~ November 22, 2013)**

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27 **EXHIBIT B**

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3 I. INTRODUCTION

4 A. General

5 THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED
6 STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA AS
7 CONTAINING ADEQUATE INFORMATION UNDER BANKRUPTCY CODE SECTION
8 1125 FOR SOLICITATION OF ACCEPTANCES THEREOF. DISTRIBUTION OF THIS
9 DISCLOSURE STATEMENT TO CREDITORS IS AUTHORIZED BY THE ENCLOSED
10 ORDER OF THE UNITED STATES BANKRUPTCY COURT DATED
11 ~~NOVEMBER~~DECEMBER 5, 2013.

12 B. Plan Summary

13 The Plan¹ is a plan of reorganization under which Technology Properties Limited LLC
14 (“TPL”) will operate and pay its creditors ~~the net proceeds of operations~~quarterly for a period of
15 five years after its effective date, or such longer time, without limitation, as may be required to
16 achieve full payment of all Allowed Claims. ~~Payment~~ Such Quarterly Payment (as defined
17 herein) shall be comprised of 100% of the distribution of MMP Portfolio proceeds from PDS to
18 TPL and, for a period of time, 12% of Adjusted Gross Revenue. Until full payment of all
19 allowed claims is made, TPL shall allow a nominee or representative of the Creditors’
20 Committee to occupy its seat on the PDS Management Committee. Payments will be made on a
21 quarterly basis until the estate has been fully administered.

22 C. Voting

23 1. How to Vote.

24 A vote for acceptance or rejection of the Plan may be cast by completing and signing the

25
26 ¹ All capitalized terms in this Disclosure Statement, unless defined herein, shall have the definitions set
27 forth in the TPL Plan of Reorganization (October 31, 2013).

1
2 ballot enclosed herewith and mailing it to Binder & Malter, 2775 Park Avenue, Santa Clara, CA
3 95050, to the attention of Robert G. Harris, Esq. in an envelope marked "TPL Ballot" in the
4 lower left hand corner. Only the Ballot should be mailed. For your vote to be counted, your
5 completed ballot must be received no later than December 26, 2013, by 5:00 p.m., Pacific Time.
6 Upon its confirmation, the Plan will be binding on all creditors regardless of whether a creditor
7 has voted in favor of or rejected the Plan.

8 2. Number and Amount of Votes Required To Confirm Plan.

9 The Bankruptcy Code provides as follows with respect to the voting on the Plan:

- 10 - Any class voting to accept must do so with votes of claimants holding
11 Allowed Claims totaling at least two-thirds in amount and more than half in
12 number of Allowed Claims in any particular class (11 U.S.C. § 1126(c));
13 - At least one impaired class must vote to accept the Plan without including the
14 acceptance of the Plan by any insider (11 U.S.C. § 1129(a)(10)); and
15 - Each class must vote to accept the Plan or not be impaired (11 U.S.C. §
16 1129(a)(8)) or the Plan is confirmed notwithstanding the accepting vote of one
17 or more impaired classes pursuant to 11 U.S.C. § 1129(b).

18 Class 1, Class 2, Class 3, Class 4, Class 5, Class 6, and Class 7 are impaired by the Plan.

19 Creditors who cast dissenting votes in any of these classes are further protected by Bankruptcy
20 Code Section 1129(a)(7)(A)(ii), which specifies that each dissenting creditor will receive or
21 retain on account of its claim property of a value, as of the Effective Date, that is not less than
22 the amount that the holder would receive or retain were TPL liquidated under Chapter 7 on the
23 Effective Date.

24 II. HISTORY OF TPL

25 A. TPL's Founding, Business, and Litigation

1
2 TPL was founded in 1988 by Daniel Leckrone, to develop, manage, take to market, and
3 license proprietary products and technology, a process referred to generally as
4 “commercialization.” In 1989 TPL participated in developing and began the commercialization
5 of a remarkable microprocessor device and technology that has come to be known as the MMP
6 Portfolio named after its inventor Charles H. Moore. The technology is widely recognized as a
7 fundamental building block of all microprocessor-based products in existence today.²

8 TPL also commercializes several other products, technologies, and portfolios of patents
9 (“Portfolios”), including the Fast Logic Portfolio which relates to high-speed logic circuits, the
10 CORE Flash Portfolio which relates to flash-media cards, and the 3D ART Portfolio which
11 relates to 3D graphics technology. Since 2004, TPL has licensed Portfolios to all segments of
12 the digital electronics industry, from aerospace and defense to computer gaming, generating well
13 over three hundred million dollars for itself and the various Portfolio owners. Over the years, the
14 TPL customer base has grown to include large and small companies including most of the major
15 multinational corporations recognized for their worldwide involvement in consumer electronics
16 and computer-related products. The business is very competitive and subject to changing
17 economic conditions. It has also been impacted by judicial and legislative efforts to weaken
18 certain intellectual-property rights to the disadvantage of small technology-based companies and
19 individual inventors.

20 TPL is also engaged in developing products based on the technologies protected by the
21 Portfolios, although this is a smaller part of its business. For a significant portion of the last
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23
24 ²As a result of settling litigation with Patriot Scientific Corporation which had claimed ownership of
25 elements of the MMP Portfolio, TPL entered into a joint venture with Patriot named Phoenix Digital
26 Solutions LLC (“PDS”) to unify the ownership of the MMP Portfolio. Initially, PDS engaged TPL on an
27 exclusive basis to manage the commercialization of the MMP Portfolio, including all licensing efforts and
28 litigation. Because of subsequent conflicts, that arrangement was changed in 2012 and TPL still manages
the litigation, but it no longer licenses the MMP Portfolio.

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2 decade, TPL invested heavily in the development of a revolutionary microprocessor called
3 SEAForth. SEAForth was developed by Mr. Moore with a team of engineers involved in TPL's
4 chip-product business, IntellaSys, a division of TPL. IntellaSys was headed by Chester A.
5 Brown as its CEO until early 2009. The SEAForth microprocessor has yet to gain commercial
6 acceptance, but it remains an important asset of TPL.

7 In conjunction with its development of the SEAForth Microprocessor, and various
8 SEAForth product applications since 2006, TPL continued and greatly expanded the efforts it had
9 pursued for a number of years to develop technologies and devices which would advance the
10 state of human hearing by managing and funding the development of a hearing device which
11 utilizes as its processing platform the SEAForth microprocessor in conjunction with proprietary
12 signal processing algorithms. The device has been successfully prototyped and is ready to be
13 taken to market as soon as either internal or external funding becomes available.

14 TPL's primary business -- maximizing the value of patent portfolios and the related
15 products -- has three primary components. First, TPL has entered into a series of agreements
16 with Portfolio owners pursuant to which TPL undertakes the management, control, and global
17 commercialization of a Portfolio of patents and its products in exchange for a share of the
18 revenue or, in some cases, payment for the service and expenses.

19 Next, TPL identifies companies whose products utilize the technology protected by the
20 patents and works to license to those companies the right to use the technology. This requires
21 multi-discipline expertise to analyze the products and to compile and explain the information
22 necessary to demonstrate that each company that is making and selling infringing products is in
23 fact infringing and needs to purchase a license. This includes significant technical analysis and
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2 reverse engineering work. TPL contracts with Alliacense Limited LLC (“Alliacense”)³ as its
3 vendor to provide TPL with much of the needed technical expertise and marketing services.

4 The third component is to prosecute litigation against infringing companies who refuse to
5 either stop using the patented technology or purchase the right to continue using it. These
6 actions are brought only after extensive business efforts to license the patents to the Defendants.
7 The litigation aspect of the business became necessary beginning in approximately 2011 because
8 of changes in the intellectual property landscape. Throughout the litigation process, licenses
9 continue to be marketed to the Defendants. Once a license is successfully negotiated it resolves
10 the issues in the outstanding litigation, and the litigation is dismissed.⁴

11 **B. Infringement Litigation**

12 1. Overview of Litigation. TPL is currently litigating infringement claims in the
13 United States International Trade Commission (the “ITC”) and various United States District
14 Courts involving approximately 30 separate actions against dozens of Defendants and
15 Respondents involving the MMP Portfolio, the CORE Flash Portfolio and the Fast Logic
16 Portfolio (“Patent Actions”). Complaints have been filed in the ITC and the U.S. District Courts
17 for the Eastern District of Texas, the District of Delaware and the Northern District of California.
18 In many of those actions the patent owners are named parties together with TPL. A detailed list
19 of all of the pending Patent Actions and their status is attached as Exhibit A and they will be
20 discussed here according to the name assigned to them in Exhibit A.

21 The legal basis for these cases is substantively the same across all filings, differing as to
22 the identity of the infringer, the infringing products, and the particular patents at issue. In each
23

24 ³ TPL and Alliacense are both owned by Mr. Leckrone and the President of Alliacense is Mac Leckrone,
25 Mr. Leckrone’s oldest son.

26 ⁴In the case of the MMP Portfolio, TPL does not control the licensing of the Portfolio, thus does not
27 control whether litigation is settled. Once PDS licenses the MMP Portfolio to a Defendant, the legal
28 action becomes moot, and TPL as nominal Plaintiff must dismiss it.

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2 case that is brought in a United States District Court, TPL has claimed, in either its complaint or
3 in a cross-complaint, that the Defendants' products have infringed, and continue to infringe, the
4 identified patents. TPL's actions seek damages for the infringement, injunctive relief, and
5 attorneys' fees. Where TPL is named as Defendant, the Plaintiff is seeking a determination that
6 its products do *not* infringe and/or that the patents are invalid, and TPL will have a cross-claim
7 asserting that the products do infringe and the patents are valid, if applicable.

8 The actions brought before the ITC request an investigation regarding the Respondents'
9 importation into the United States of certain products which infringe certain patents in violation
10 of Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("Section 337"). This
11 law prohibits such importation as an unfair trade practice, and provides for the ITC to enter an
12 "Exclusion Order" against the importing parties, when such importation is found to harm a
13 domestic industry in the United States. The actions seek only injunctive relief in the form of
14 such an Exclusion Order. While an ITC case is pending, the corresponding action in District
15 Court is stayed pending the outcome of the ITC proceeding.

16 In those cases where either a trial or determinative Markman hearing⁵ is pending or has
17 occurred, TPL expects that the likelihood of outcomes favorable to TPL may encourage
18 settlement by Defendants, which contributes to funding the TPL Plan.

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21 ⁵A Markman hearing is a pretrial hearing in which a judge examines evidence from all parties on the
22 appropriate meanings of relevant key words used in a patent claim. It is also known as a "Claim
Construction Hearing."

23 Holding a Markman hearing in patent infringement cases has been common practice since the U.S.
24 Supreme Court, in the 1996 case of *Markman v. Westview Instruments, Inc.*, found that the language of a
patent is a matter of law for a judge to decide, not a matter of fact for a jury to decide.

25 Markman hearings are important, since the Court determines patent infringement cases by the
26 interpretation of claims. A Markman hearing may encourage settlement, since the judge's claim
27 construction finding can indicate a likely outcome for the patent infringement case as a whole. Markman
hearings are before a judge, and generally take place before trial. A Markman hearing is not a required

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2 Conversely, delays resulting from a prolonged trial, appeals, or proceedings in the
3 bankruptcy case may discourage prompt settlements and impede the ability to pay creditors.
4 TPL has had excellent results to date in the Patent Actions and anticipates that the current
5 Actions will result in favorable outcomes.

6 2. MMP Patent Litigation.

7 There are three different actions relating to the MMP Portfolio at this time. Each is
8 described below.

9 a. The NorCal Case. (See Exhibit A for Case Identification)⁶

10 The “NorCal Case” is pending in the United States District Court for the Northern
11 District of California and involves HTC Corporation, a major Taiwanese consumer electronics
12 company. HTC and other companies filed a declaratory relief action against TPL and others in
13 February of 2008, and sought a determination that certain MMP patents are invalid and that its
14 products do not infringe the identified MMP patents. The Jury Trial in the NorCal Case
15 concluded in October 2013 and the Jury found all HTC products involved in the litigation
16 infringed the MMP Portfolio. The Jury awarded approximately \$1,000,000 in damages for
17 infringement through 2009. No party has yet filed a notice that they intend to appeal the
18 decision, and such notice must be filed by November 4, 2013 if any party intends to appeal the
19 decision.

20 b. The MMP ITC Case. (See Exhibit A for Case Identification)

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24 part of an ITC proceeding, and it is at the discretion of the Administrative Law Judge whether one is
needed and when it should occur.

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26 ⁶ Exhibit A is a detailed list of all patent litigation in which TPL is involved and includes the party, the
27 court, action name and case number.

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2 In July, 2012, TPL and others filed a Complaint against 11 companies requesting
3 an investigation by the ITC regarding the Respondents' importation into the United States of
4 certain products that infringe a certain MMP patent in violation of Section 337 of the Tariff Act.
5 This law prohibits such importation as an unfair trade practice through the entry of an Exclusion
6 Order against Respondents when such importation is found to harm a domestic industry in the
7 United States. The Respondents timely filed a variety of defenses asserting that the identified
8 MMP patent was invalid, that the identified products do not infringe the identified MMP patents,
9 and that there was no harm to a domestic industry. The case has involved extensive motion
10 practice, discovery and a Markman hearing. The Trial began on June 3, 2013 and concluded on
11 June 12, 2013. The Respondents dropped all contentions of invalidity during the Trial. The
12 Initial Determination of the Administrative Law Judge is that Complainants have not shown that
13 a violation of Section 337 has occurred in relation to Respondents and the MMP Portfolio.
14 Complainants have requested a review by an Administrative Panel. The final determination of
15 the ITC is likely to be concluded in January 2014.

16 c. The MMP District Court Cases. (See Exhibit A for Case Identification)

17 In July 2012 and in conjunction with the filing of the MMP ITC case, TPL and
18 others filed a Complaint against the same group of 11 companies in the United States District
19 Court for the Northern District of California for patent infringement seeking a determination that
20 the identified products of the named Defendants infringe the identified MMP patents and
21 damages for past infringement, enhanced damages for willful infringement, and an injunction
22 prohibiting the future importation and/or sale of the products in the United States. The MMP
23 District Court case is stayed pending the final determination from the ITC case.

24 3. CORE Flash Litigation.

25 a. CORE Flash II ITC Case. (See Exhibit A for Case Identification)

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2 In March of 2012, TPL and others filed a Complaint in the ITC against 19
3 companies requesting an investigation of the importation into the United States of certain
4 products which infringe a certain CORE Flash patent in violation of Section 337 of the Tariff
5 Act. This was the second of two CORE Flash-related actions and is referred as the “CORE Flash
6 II Litigation”).

7 The Respondents timely filed a variety of defenses asserting that the identified
8 CORE Flash patent was invalid, that the identified products do not infringe the identified CORE
9 Flash patents, and that there was no harm to a domestic industry. The ITC held a one week Trial
10 beginning January 7, 2013. The finding of the Administrative Law Judge was released in early
11 August of 2013 and found infringement of one asserted patent, but not the others. TPL believes
12 that the ruling will have a favorable impact on projected revenue from this CORE Flash
13 Licensing Program. A final determination from the ITC should be released by the end of 2013.

14 b. The CORE Flash II District Court Cases. (See Exhibit A for Case
15 Identification)

16 In March 2012 in conjunction with the filing of the CORE Flash II ITC case, TPL
17 and others filed Complaints against the same companies in the CORE Flash II ITC case in the
18 United States District Court for the Eastern District of Texas for patent infringement seeking a
19 determination that the identified products of the named Defendants infringe the identified CORE
20 Flash patents, as well as damages for past infringement and an injunction prohibiting the future
21 importation and/or sale of the products in the United States. One of the Defendants has filed a
22 declaratory judgment action against TPL based on invalidity and non-infringement contentions.
23 The District Court case has been stayed pending the outcome of the CORE Flash II ITC case.

24 c. The CORE Flash I ITC and District Court Cases. (See Exhibit A for Case
25 Identification)

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2 In August 2011 in conjunction with the filing of the first CORE Flash ITC case,
3 TPL and others filed a Complaint against 19 different companies) in the United States District
4 Court for the Eastern District of Texas for patent infringement seeking a determination that the
5 identified products of the named Defendants infringe the identified CORE Flash patents, as well
6 as damages for past infringement and an injunction prohibiting the future importation and/or sale
7 of the products in the United States. The CORE Flash I ITC Case resulted in multiple Exclusion
8 Orders. Several of the Defendants settled, and several filed bankruptcy, leaving six Defendants
9 in the District Court action. On the Motion of the Defendants, the CORE Flash I District Court
10 case was stayed pending the outcome of the CORE Flash I ITC case and has been dormant since
11 it was filed. The CORE Flash 1 District Court cases will proceed against the remaining
12 Defendants as soon as it becomes strategically advantageous and procedurally possible.

13 d. 2011 American Inventors Act Post-Grant Review.

14 In March of 2013, Hewlett-Packard Company (“HP”) petitioned the United States
15 Patent and Trademark Office (“USPTO”) to institute a new form of post-grant review created by
16 the 2011 America Invents Act known as an “Inter Partes Review” and assigned Case No.
17 IPR2013-00217. The petition was granted and a trial will be ordered to adjudge the validity of
18 claims 7, 11, 19 and 21 of US 7,162,549 (the "549"), one of the CORE Flash Portfolio patents
19 regularly asserted and included in the cases presently pending before the ITC and US District
20 Court for the Eastern District of Texas, discussed above. TPL and the patent owner filed a Writ
21 of Mandamus in the District Court challenging the USPTO’s legal basis for granting HP’s
22 petition and the District Court has ordered HP and the USPTO to respond by November 7, 2013.
23 If the trial is permitted to continue, the validity of ‘549 will be vigorously defended by TPL.
24 Because this is an entirely new proceeding, TPL cannot estimate the timing of the conclusion of
25 this process.

26 4. Fast Logic Litigation. (See Exhibit A for Case Identification)
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2 In September 2011, TPL and others filed Complaints against 18 different companies in
3 the United States District Court for Delaware for infringement of the Fast Logic patents, seeking
4 an award for damages for past infringement, and an injunction prohibiting the future importation
5 and/or sale of the products in the United States. The Defendants have timely filed a variety of
6 defenses asserting that the identified Fast Logic patents were invalid, that the identified products
7 do not infringe the identified Fast Logic patents as well as several counter claims for declarations
8 of invalidity and non-infringement. Six of the Defendants have filed declaratory judgment
9 actions against TPL and others based on invalidity and non-infringement. The Markman hearing
10 is scheduled for February 2014 and a one week Jury Trial has been set for January 2015.

11 C. Other Litigation

12 1. *Chester A. Brown, Jr. and Marcie Brown v. TPL et al.*

13 In December 2009, the Browns filed a Complaint in the Superior Court for Santa Clara
14 County, California, against TPL and others, including Mr. Leckrone, seeking money damages for
15 an alleged breach by TPL of a 2003 agreement with the Browns pursuant to which the Browns
16 invested \$25,000 in TPL in 2003 for a percentage interest in TPL's returns from the MMP
17 Portfolio (*Chester A. Brown, Jr. and Marcie Brown v. Technology Properties Limited LLC et al.*,
18 Superior Court of California, County of Santa Clara Case No. 1-09-CV-159452). TPL had paid
19 the Browns' over \$1.7 million at the time the Browns' initiated the lawsuit, and the Browns'
20 alleged they were owed an additional \$1.6 million. Well after filing their lawsuit and providing
21 the basis for the calculation of their claim, the Browns dramatically changed the calculation to
22 include amounts MMP owners other than TPL received from the MMP Portfolio proceeds and
23 increased their claim to approximately \$10 million. A bench trial was held on a limited contract
24 interpretation issue in November 2011, and the Statement of Decision issued by the Court held in
25 favor of the Browns. TPL and the other Defendants, including Mr. Leckrone, cross-complained
26 against the Browns for their breach of the agreement they entered into with TPL in January 2009
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2 for the management buyout of the SEAForth division, and for theft of trade secrets. The case was
3 tried before a Jury in March, April and May of 2012. The various trials resulted in a verdict in
4 favor of the Browns against TPL for breach of contract in the amount of \$8,887,733; a verdict in
5 favor of Mr. Leckrone against the Browns and judgment in Mr. Leckrone's favor entered in
6 December 2012; and a verdict in favor of TPL against the Browns for the following, with
7 nominal damages awarded:

- 8 • Mr. Brown misappropriated TPL's trade secrets (including its customer lists,
9 marketing analysis and strategy, pricing strategies, mask set and technology related
10 to TPL's asynchronous array multicore microprocessor architecture – its SEAForth
11 microprocessor);
- 12 • Mr. Brown engaged in wrongful conduct by claiming he was not bound by the
13 management buyout agreement;
- 14 • Mr. Brown interfered with TPL's economic relationship with Chuck Moore during
15 the management buyout; and
- 16 • Mr. Brown failed to mitigate his damages.

17 Judgment in favor of the Browns was entered following a May 2013 stipulation to a relief
18 from stay. TPL plans to appeal the judgment against it on multiple grounds, and success on
19 appeal will substantially reduce, if not eliminate, the Browns' claim, as well as similar claims of
20 several other parties similarly situated.

21 The Browns recently filed an appeal in their case against Mr. Leckrone's judgment
22 against them, in which they allege to have discovered new evidence in support of their claim and
23 allege improper conduct on behalf of TPL in its dealings with the ITC. They assert that TPL's
24 allegations in its ITC Complaint regarding its licensing business were different from the
25 testimony in the Brown case regarding the involvement of Alliacense in the TPL licensing
26 program. However, the testimony in both trials has been consistent and has been that TPL is
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2 responsible for the implementation of licensing programs with respect to which it engages the
3 services of a number of vendors including Alliacense.

4 2. Charles Moore v. TPL et al.

5 Charles Moore commenced arbitration in September 2008 against TPL to resolve an
6 outstanding dispute under the Commercialization Agreement between Moore and TPL (the
7 “Moore-TPL ComAg”). Mr. Moore hired an audit firm to conduct an extensive audit of
8 expenses incurred by TPL to determine whether he had been underpaid under the terms of the
9 Moore-TPL ComAg. An audit report dated January 7, 2010 was sent to TPL but was not
10 definitive, and concluded that either Mr. Moore was significantly overpaid or underpaid. The
11 arbitration was closed in September 2010 after nonpayment of the arbitration fees by Mr. Moore
12 to continue the proceeding. In September of 2010, Charles Moore filed a Complaint in the
13 Superior Court for Santa Clara County against TPL and others alleging the breach of the Moore-
14 TPL ComAg. (*Charles H. Moore v. Technology Properties Limited LLC et al.*, Superior Court of
15 California, County of Santa Clara Case No. 1-10-CV-183613). TPL filed a Cross-Complaint
16 against Moore and GreenArrays, Inc. for breach of contract, misappropriation of trade secrets,
17 and other causes of action seeking money damages as well as a variety of other remedies.
18 GreenArrays, Inc. was formed in February 2009 by Chuck Moore and Chet Brown immediately
19 following their departure from TPL in January 2009 in conjunction with their management
20 buyout of the SEAFORTH division. Mr. Brown was CEO of GreenArrays throughout 2009, and
21 has been a member of its Board of Directors since its formation. Many other former TPL
22 employees and/or contractors from the IntellaSys SEAFORTH division who had detailed knowledge
23 of TPL’s trade secrets worked for GreenArrays during the development of its asynchronous array
24 multicore microprocessor. Preliminary analysis by TPL’s trade secret expert in the *Brown v.*
25 *TPL* action confirmed substantial similarities between the architecture of GreenArrays’ multicore
26 microprocessor and TPL’s SEAFORTH microprocessor. In January 2013, Mr. Moore, TPL, and the
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2 other named parties in the lawsuit which did not include Mr. Brown entered into a settlement
3 agreement pursuant to which all of their various respective claims against one another were
4 dismissed except those of TPL against the unidentified Cross-Complaint Defendants (“Roes”).
5 TPL intends to continue to pursue its claims for damages and other remedies on its trade secret
6 misappropriation cause of action against the “Roe” Defendants when they are identified, subject
7 to evaluation. To date, GreenArrays has refused to produce documents responsive to TPL’s
8 document requests in that litigation at the direction of Chet Brown and Charles Moore.
9 GreenArrays filed a claim against TPL in TPL’s Chapter 11 proceeding which contains multiple
10 false statements and is likely fraudulent as GreenArrays does not have a claim against TPL.
11 GreenArrays retracted the claim in August 2013, but the retraction also contained misstatements.
12 GreenArrays is currently in breach of the January 23, 2013 Settlement Agreement, to which it
13 was party, and TPL is evaluating the impact of the breach and its course of action going forward.

14 3. Future Litigation.

15 Planning is underway to pursue strategic additional ITC cases and corresponding District
16 Court infringement litigation when resources become available.

17 D. Factors and Events Leading to Bankruptcy Filing

18 TPL’s cash flow and liquidity has suffered over the past five years for two primary
19 reasons, the first resulting from a change in the intellectual property business environment, and
20 the second as a result of the failed business strategy of IntellaSys.

21 Starting in 2008, TPL’s original business model underwent severe testing and has had to
22 evolve. The portfolios TPL commercializes were subjected to 17 reexamination actions and TPL
23 successfully defended each of them. These actions challenge the validity of patents and
24 intellectual property they protect, take years and can be very expensive to defend, and limit the
25 ability of the patent holder or other beneficiary to enforce infringement claims while they are
26 underway. At the same time, several companies that utilize TPL’s intellectual property elected,
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2 rather than purchasing licenses, to infringe and compel enforcement actions against them or file
3 declaratory judgment actions against TPL for a finding of invalidity or non-infringement. The
4 result was years of litigation, significant expenditures in expert analysis to ascertain and prove
5 the infringement, and attorneys' fees and costs to protect and enforce TPL's patent assets. In this
6 period, TPL evolved from a company that itself developed and commercialized technology and
7 patents, to much more of a managerial and litigation support entity as TPL reduced its workforce
8 from a high of over 200 to its current ten.

9 TPL also suffered the loss of over \$60 million in cash as a result of the development of
10 the SEAFORTH multi-core microprocessor. This effort was led by then-IntellaSys CEO and current
11 largest unsecured creditor Chet Brown, and offered the promise of a revolution in
12 microprocessor technology on the order of the Moore inventions which became the MMP
13 Portfolio. Mr. Brown's projections for the SEAFORTH annual sales were in the hundreds of
14 millions of dollars within a few years. Because of those projections, the IntellaSys business
15 expanded significantly including the hiring of a non-U.S. sales force, which was employed by a
16 related entity organized in Bermuda (IntellaSys BEC) with branch offices in Switzerland and
17 Taipei. Because the sales projections for SEAFORTH never materialized, those branch offices and
18 related infrastructure, including bank accounts, were closed in 2008 and 2009. The losses of
19 Brown's IntellaSys operation combined with the expense of reexaminations and lawsuits made
20 it impossible for TPL to continue the development of the microprocessor device the way Mr.
21 Brown had structured his organization. When TPL proposed restructuring of the IntellaSys
22 business unit in January of 2009, Mr. Brown proposed a management buyout of the SEAFORTH
23 division. TPL accepted the Brown proposal and transferred all the assets of the SEAFORTH
24 division in January 2009. Shortly thereafter, Mr. Brown and his team renounced the agreement
25 but maintained possession of the assets which is part of the ongoing litigation between the
26 parties.

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2 The result of these events was threefold: first, a complete failure to achieve any revenue
3 from a major investment (SEAforth); second, a distinctly uneven flow of cash controlled by the
4 purchase of licenses by Defendants and other infringers based on rulings by the USPTO and in
5 litigation; and, third, a cash bottleneck as multiple litigations, in both Federal District Courts and
6 the ITC, approach critical decision points.

7 TPL worked successfully for several years with its various creditors to complete a
8 workout that would satisfy all claims through payments over time from earnings. All creditors
9 other than former IntellaSys CEO Chet Brown and his wife Marcie, agreed to that of out-of-court
10 resolution.

11 The final trigger for the bankruptcy filing was the Browns' renunciation of the agreement
12 they made with TPL and other creditors to mediate their claim and stay enforcement of a
13 judgment when it was entered. Judgment now has been entered in favor of the Browns for
14 \$10,028,429 in addition to the \$1,700,000 the Browns have already received, all based on their
15 investment in TPL of \$25,000. As set forth above, liability and damages will be challenged in
16 TPL's appeal of the litigation.

17 III. TPL'S DEBT AND ASSET STRUCTURE

18 B. Secured Debt

19 TPL has three secured creditors: Cupertino City Center Buildings, Arockiyaswamy
20 Venkidu, and Daniel Leckrone.

21 1. CCC.

22 CCC and TPL entered into an agreement in March of 2012 (the "CCC Settlement
23 Agreement") to settle a lawsuit arising from TPL's lease of the property located at 20400
24 Stevens Creek Boulevard in Cupertino, California. (*Cupertino City Center Buildings v.*
25 *Technology Properties Limited LLC*, Superior Court of California, County of Santa Clara Case
26 No. 110-CV-186192). Under the CCC Settlement Agreement, TPL agrees to pay CCC a total of
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2 \$1.3 million in installments at \$50,000 per month over time. This agreement is secured by a
3 continuing security interest in TPL's share of the proceeds of the following:

4 All CORE Flash and Fast Logic litigation;

5 TPL's interest in the gross proceeds of a license agreement dated 4/12/06 with FMM
6 Portfolio LLC re the CORE Flash Portfolio (aka Memory Control Management
Technology);

7 TPL's interest in the gross proceeds of a license agreement dated 6/19/07 with HSM
8 Portfolio LLC re: the Fast Logic Portfolio (aka High Speed Memory Technology);

9 Fifty percent of TPL's interest in the gross proceeds of a commercialization agreement
10 dated 6/7/05 between TPL, P-Newco and Patriot re the MMP Portfolio;

11 TPL's interest in the gross proceeds of that certain agreement dated 6/22/11 with Agility
IP Law LLP re certain CORE Flash Portfolio Patents; and

12 TPL's interest in the gross proceeds of a license agreement dated 12/14/07 with Chip
13 Scale, Inc. re the Wafer-Level Chip Scale Technology.

14 CCC claims to have perfected its security interest by filing a UCC-1 with the California
15 Secretary of State on February 27, 2012. As of the date of filing of this case, the debt claimed
16 owing to CCC was \$804,689.

17 2. Leckrone.

18 Mr. Leckrone has loaned TPL in excess of \$4.8 million since January 2009, including
19 interest. In March, 2010, TPL and Mr. Leckrone executed a loan and security agreement that
20 covered the current loans and any further loans of Mr. Leckrone to TPL. The security agreement
21 granted a security interest in all of TPL's property, including all intellectual property and
22 inchoate rights.

23 Mr. Leckrone claims to have perfected his security interest with the filing of a UCC-1
24 with the California Secretary of State on April 14, 2010. Mr. Leckrone subsequently
25 subordinated his security interest to that of CCC and has, as set forth below, agreed post-petition
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2 to subordinate his security interest to that of Mr. Venkidu as a condition of Mr. Venkidu's
3 consent to the use of cash collateral.

4 3. Venkidu.

5 Mr. Venkidu, TPL, and other parties entered into a set of agreements in April 2006 (the
6 "OnSpec Agreement"). This was a multi-party transaction in which OnSpec Electronic, Inc.
7 ("OnSpec") transferred "all right title and interest" in the patent portfolio known as the CORE
8 Flash Portfolio to MCM Portfolio LLC (f/k/a FMM Portfolio LLC); Mr. Venkidu, as the
9 shareholder representative for the former OnSpec shareholders, was granted a security interest in
10 the CORE Flash Portfolio ("the CORE Flash Collateral"); MCM Portfolio LLC and TPL entered
11 into a commercialization agreement; and Mr. Leckrone acquired OnSpec as sole shareholder.
12 Mr. Venkidu recorded UCC-1 financing statements with the California Secretary of State and
13 claims thereby to have perfected his security interests in the CORE Flash Collateral and proceeds
14 therefrom. Financing Statements were recorded in 2006 and, following expiration, again on
15 April 12, 2012.

16 As of the date of commencement of this case, the debt claimed owing to Mr. Venkidu
17 was approximately \$5.3 million.

18 4. Lien Priorities.

19 Mr. Leckrone has a lien against all TPL's assets. CCC has a lien against the proceeds
20 that TPL receives from collateral identified above, which is substantially less than all TPL's
21 assets. Mr. Venkidu has a lien against the CORE Flash Collateral.

22 TPL believes that CCC holds the first priority secured lien position on the collateral
23 securing its lien, owing to Mr. Leckrone's subordination and Mr. Venkidu's break in perfection
24 in 2012. TPL believes that Mr. Leckrone is the second priority lienholder on all assets against
25 which CCC holds a lien and first priority against all other TPL assets. TPL believes that Mr.
26 Venkidu is the third priority lienholder on assets against which he holds a lien.

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2 The Committee has questioned the validity of Mr. Venkidu's claim of a lien on the
3 revenue that TPL receives from the CORE Flash Collateral. Mr. Venkidu's position is that
4 because the right to license the CORE Flash Portfolio was transferred to MCM Portfolio LLC as
5 part of the CORE Flash Collateral, it was subject to his security interest. Mr. Venkidu argues
6 that the right to license remained subject to the security interest when it was transferred to TPL
7 as part of the commercialization agreement with MCM Portfolio LLC. Mr. Venkidu claims that
8 the payments to TPL from the third-party licensees are "proceeds" of the right to license, which
9 is his collateral, and thus the payments are also subject to his security interest.

10 The Committee has taken the position that the consideration given by TPL to MCM
11 Portfolio LLC constituted "proceeds" of the collateral, but that the revenues received by TPL on
12 *its* licenses to third parties are not. Further, the Committee has taken the position that the
13 obligation is that of Mr. Leckrone, as primary obligor under the OnSpec Merger Agreement, and
14 that TPL is only the guarantor of Mr. Venkidu's claim against Mr. Leckrone.

15 This is a question of the validity of Mr. Venkidu's lien and must be resolved by
16 settlement or by an adversary proceeding against Mr. Venkidu. Under the Plan, TPL treats Mr.
17 Venkidu's claim as fully-secured until proven otherwise by a final Order of the Bankruptcy
18 Court, but all rights to challenge the asserted lien are preserved for TPL and the Committee
19 unless Mr. Venkidu votes to accept his treatment under the Plan and a compromise of all claims
20 by and against him is affected thereby.

21 B. Priority Claims

22 TPL listed in Schedule E of the Bankruptcy Schedules unsecured priority claims totaling
23 \$9,031,665; the amount scheduled is entitled to priority only in the amount of \$136,197. These
24 claims arise from (a) unpaid salary at the date of filing, (b) accrued employee paid time off at the
25 date of filing, and (c) incentive compensation claims of Mac Leckrone, Dwayne Hannah, Janet
26 Neal, Mike Davis, and Nick Antonopoulos. The incentive compensation agreements will be
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2 rejected as of the Effective Date under the Plan, and all damages, pre- and post-petition, will be
3 treated as Class 6 general unsecured claims.

4 C. General Unsecured Claims

5 TPL listed approximately \$50 million in general unsecured claims in Schedule F, its
6 Schedule of Creditors Holding Unsecured Priority Claims. Almost \$40 million of that amount is
7 due to the Investor Claims discussed in Item D below, all of which are disputed. None of the
8 claims filed materially exceed the scheduled sums for any such filer, other than Robert Neilson, a
9 former consultant, who filed a claim of \$1,245,000 versus a scheduled claim of approximately
10 \$300,000; Mike Davis, a former TPL consultant and current Alliacense employee, who filed a
11 claim of \$2,203,502 versus a scheduled claim of \$1,030,335; OneBeacon Insurance Company,
12 which filed a claim of \$1,172,368 for defense costs paid in the *Brown v. TPL* litigation versus a
13 scheduled claim of \$0; and Shore Chan Bragalone DePumpo LLP, TPL's former contingency
14 counsel, which filed a claim for \$201,479 versus a scheduled claim of \$104,741. In addition,
15 Patriot Scientific and Chuck Moore filed contingent claims based on a rejection of the
16 January 23, 2013 Settlement Agreement amongst the parties, which is discussed in greater detail
17 in Sections II.C.2 and VI.A.1. Even if the January 2013 Settlement Agreement is rejected, TPL
18 disputes the claims filed by these parties as contingent claims. The bar date for filing claims by
19 non-governmental entities was July 23, 2013.

20 D. Investor Claims - Disputed

21 In the early 2000's, some of Mr. Leckrone's friends and family were offered an
22 investment opportunity in TPL which entitled them to receive a one percent interest in
23 prospective revenue from two different patent portfolios for a per-percentage-point investment of
24 \$50,000. The portfolios were the MMP Portfolio (discussed above) and the Hearing Healthcare
25 Portfolio, neither of which were revenue-generating at the time and both of which were highly
26 speculative in nature. Seven parties invested for a total of a 13% interest (listed below) and TPL
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2 assigned the percentage interest in TPL's portion of proceeds to each Investor in virtually
3 identical documents titled "Assignment" as part of an "Assignment Agreement"⁷. The total
4 investment by the group of Investors was approximately \$365,000. Each Investor made his or her
5 investment pursuant to the terms of the 2003-2004 Assignment Agreements, provided, however,
6 that the Browns invested \$25,000 (rather than \$175,000) for their 3.5% interest because TPL
7 agreed to credit them \$150,000 for a previous investment in TPL that had not materialized. The
8 Assignment Agreements with Mr. Leckrone's adult children (Susan Anhalt, John Leckrone and
9 Mac Leckrone) are executed by TPL, but not the family member, which was an administrative
10 oversight but does not impair their enforceability. The parties have worked under the terms of
11 the Agreements since the initial payments of the consideration were made to TPL in the early
12 2000s, and the Judge in the *Brown v. TPL et al.* litigation included in his decision in favor of Mr.
13 Leckrone a statement that the Agreements with Mr. Leckrone's adult children "are valid and
14 enforceable by the assignee to the extent necessary to render [his] decision." To date, the 13%
15 Investors collectively have received approximately \$5,300,000 in returns. For various reasons,
16 the non-family member Investors (Chet and Marcie Brown, James Kirkendall, Todd Kirkendall
17 and Alan Marsh) have received more payments to date than Mr. Leckrone's adult children
18 (Susan Anhalt, John Leckrone and Mac Leckrone) and thus have received a significantly higher
19 rate of return.

20 The percentage entitlement of each Investor is as follows:

21 Chet and Marcie Brown	3.5%
22 Susan Anhalt	3.0%
23 John Leckrone	3.0%
24 Mac Leckrone	3.0%
25 Alan Marsh	0.2%

26 ⁷The only variation is that Mac Leckrone provided part cash and part services for his percentage interest,
27 which is provided for in his agreement.

1 James V. Kirkendall 0.2%
2 Todd Kirkendall 0.1%

3 Chet and Marcie Brown, as discussed more fully in the litigation section and as set forth
4 below, received a judgment in their favor of approximately \$10 million in their State Court
5 action brought to enforce the Assignment Agreement by alleging that the Assignment Agreement
6 entitles them to 3.5% of the total amount of MMP revenue (the “Brown Calculation”), rather
7 than the portion of MMP revenue actually received by TPL (the “Historical Calculation”).
8 Because MMP has multiple owners, TPL is only entitled to a percentage of MMP revenue and
9 not the full amount of every MMP License. The calculation advanced by the Browns and
10 utilized by Superior Court Judge Huber in most instances attributes 100% of the license
11 payments to TPL, but is inconsistent in its treatment of MMP revenue and thus, even if it is
12 upheld on appeal, it is difficult to ascertain with certainty what the total amount of all claims
13 under the Assignments will total. Based on Judge Huber’s decision, however, an approximation
14 of the amount of the claims of the Investors other than the Browns is \$30 million. Under the
15 Historical Calculation, which was the calculation used by TPL for prior payments to the
16 Investors, the total amount owed to the Investors other than the Browns is approximately \$6.3
17 million, and the Browns’ claim is approximately \$2 million. If payments to the Investors were
18 based only on TPL’s portion of the revenue stream from MMP, which is what TPL believes is
19 the appropriate interpretation of the agreements (the “TPL Calculation”), then the amount owing
20 to Investors would total approximately \$900,000. The difference, and the disputed ruling in the
21 Brown litigation, are the basis for TPL’s classifying the claims of the Investors as “disputed,” as
22 well as statute of limitations defenses against the non-family member investors other than the
23 Browns.

24 E. Assets of the Debtor

25 TPL had cash on hand at the date of filing totaling \$123,772.83. TPL further listed the
26 following as assets in its Schedule B – Personal Property:
27

Item No.	Asset	Value
1	Bank Accounts	\$123,722.83
3	Security Deposit with TriNet, the company that provides all of TPL's benefits and payroll services.	\$90,000
3	Credit due from Mandarin Oriental Hotel	\$26,030
13	Patriot (OTC: PTSC) Stock (as of 3/20/13)	\$329,802
14	50% interest in PDS	Unknown
16	PDS receivable	\$2,866,678
16	Reimbursement due from PDS for certain MMP Portfolio expenses	Unknown
16	Claim against Patriot for expenses on pending litigation	\$200,025
16	Claim against Patriot for expenses on pending legislation	\$152,817
16	Employee receivables	\$4,000
18	Entitled to repayment of cash contraption from PDS	\$597,808
21	Patent Litigation	Unknown
21	Claim against shareholders, officers and directors of Green Arrays, Inc. for Fraud, conversion and misappropriation of trade secrets.	Unknown
21	Claim against OneBeacon Insurance Company for bad faith	Unknown
21	Potential claims for patent infringement	Unknown
22	Moore Microprocessor Technology ("MMP") portfolio – partial interest (approx. 22%)	Unknown
22	Sub-Wavelength Acoustic Technology (SWAT) (certain patents & patent applications)	Unknown
23	Exclusive Licenses to commercialize technology; the agreements entitle TPL to a share of the revenue earned	Unknown
23	License Agreements with ongoing payments	\$0.00
25	2008 BMW 750LI	\$22,749
28	Office furniture, equipment and software	\$16,500
29	Tooling & Lab Equipment	\$3,000
29	Leasehold improvements	\$0
30	Finished Goods Inventory	\$25,000
35	Product Samples	Unknown
35	SEAFORTH Chip Technology, Mask Sets and Product Tooling	Unknown
35	Wafers	Unknown
35	Pre-paid expenses	\$14,468
	TOTAL	\$4,447,651.31

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2 The \$4,472,651.31 in personal property, listed largely at book value, does not include the
3 value of licensing and infringement litigation with regard to TPL's rights in the Portfolios. TPL
4 believes that its total assets, given adequate time over the Plan's term and thereafter, to develop,
5 commercialize, license, and enforce its rights in intellectual property, exceeds \$100 million. The
6 total above also does not include potential avoidance claims against insiders and affiliates, which
7 are of unknown value.

8 IV. POST BANKRUPTCY EVENTS

9 Since the filing of this case on March 20, 2013, the following events of note have taken
10 place:

11 A. NorCal Action Stay Relief Granted

12 On March 27, 2013, TPL brought a motion for relief for all of the parties in the NorCal
13 Actions be relieved from the automatic stay to proceed with litigation to avoid losing the
14 September 23, 2013 Trial date. The motion was opposed by other parties to the litigation and
15 ultimately granted on May 7, 2013. The Trial remained on the U.S. District Court Trial calendar,
16 and was tried in September 2013.

17 B. Cash Collateral Use Approved

18 TPL brought a motion on shortened time to be allowed to use the cash collateral of
19 several secured creditors to operate. The Court held three hearings allowing TPL to use cash
20 collateral. The final hearing held on June 4, 2013 granted permission to use cash collateral
21 according to an agreed-upon budget through October 31, 2013.

22 C. Settlement Procedures Established

23 TPL is currently in litigation with over 40 entities. Simultaneous with the litigation, TPL
24 and Alliacense are also attempting to negotiate settlements through the licensing of the disputed
25 patents. Because the settlements, both the parties who are settling and the amounts that are being
26 paid, are highly confidential, TPL designed a method that would provide adequate information to
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2 the Creditors Committee to assess a settlement without risking disclosure of the terms generally
3 or excessive delay. TPL brought a motion to have approved a settlement protocol pursuant to
4 Bankruptcy Code Section 9019(b). On April 3, 2013, TPL filed its motion to approve a
5 procedure for the swift and confidential approval of settlement. Following an objection by the
6 Committee, the motion was granted.

7 TPL and the Committee have implemented the protocol effectively. Each time the
8 Committee has met within 48 hours of TPL's request, TPL presented a settlement for discussion
9 and question, and the Committee granted its approval of the proposed settlement. As a result of
10 the settlement, the estate should receive significant revenue (the precise amount is confidential).

11 D. Retention of Professionals

12 The Court has approved TPL retaining Binder & Malter, LLP as Bankruptcy counsel. It
13 has also approved the retention of Agility IP Law, LLP, the Simon Law Firm, P.S. and
14 Bragalone Conroy, PC and Farnan LLP as special counsel for the various ongoing patent
15 litigations. Finally, the Court has approved TPL's retaining Ropers Majeski Kohn & Bentley as
16 special counsel in the *Browns v TPL* and *TPL v GreenArrays* Roe litigation, and Adelson, Hess
17 & Kelly APS as special counsel for the limited purpose of negotiating with, and potentially
18 litigating against, One Beacon Insurance Company, the insurance company that paid defense
19 costs in the *Browns v TPL* case. TPL has retained Fulop Business Tax Services as its tax
20 consultant and has also filed an application to appoint Alliacense employee, Edward Heller, who
21 is a patent attorney with a 6-year history on the various patent portfolios TPL commercializes.
22 While TPL does not pay Mr. Heller directly, he does appear at the USPTO on behalf of TPL, and
23 so TPL has filed the application in the event Mr. Heller is deemed a professional under Section
24 327 of the Bankruptcy Code. TPL will also seek to employ the firms of Henneman & Associates
25 and Porter Wright Morris & Arthur LLP for various patent-related matters and may seek the
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2 employment of other professionals as needed to assist with defense and enforcement of its
3 intellectual property rights.

4 E. Information Provided To The Creditors Committee

5 The United States Trustee appointed the Committee to serve in this Bankruptcy Case.
6 The Committee engaged Dorsey & Whitney LLP as its counsel. The Committee has requested
7 extensive information. Because of the highly confidential nature of the information regarding
8 TPL's business and the litigation that TPL has been engaged in, TPL could not disclose
9 documents to the Committee without a non-disclosure agreement ("NDA"). The discussions
10 regarding the NDA revealed the Committee's intent that a non-committee member would have
11 access to the documents. TPL, the Creditors Committee, and the Office of the United States
12 Trustee discussed the matter and determined that the additional party must be added to the
13 Committee to protect TPL's information.

14 As part of allowing the Committee access to confidential documents, TPL also had to
15 address the general requirement in Bankruptcy Code Section 1102 that, unless limited, could be
16 read to require the Committee to disclose the confidential information to creditors who asked for
17 it. TPL drafted and filed a motion to limit the Committee's duty under this Section so that the
18 Committee could comply with both its duty to the creditors and the Non-Disclosure Agreement.
19 The Court granted the motion on June 12, 2013.

20 TPL has promptly produced or given access to all documents and information requested
21 by the Committee, including but not limited to all TPL bank statements since 2000, TPL
22 financial records since 2003 and TPL license agreements, which can be used to verify revenue.
23 Alliacense has also voluntarily responded to requests from the Committee for information related
24 to its financial statements and time allocations for time recorded prior to June 2012, as well as
25 other background information and information related to its services.

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2 F. Managing Ongoing Litigation

3 1. Settlement Procedures. TPL continues to negotiate settlements with the various
4 Defendants in the patent-infringement actions, and has successfully implemented the approved
5 settlement procedures to complete major settlements since March 20, 2013.

6 2. Northern District of California Cases. The NorCal Case was stayed by the filing
7 of this bankruptcy inasmuch as TPL was a Defendant and Cross-Plaintiff. Because it was in
8 TPL's interest to continue the litigation, it moved for relief from stay. The opposing parties in
9 the NorCal action objected, but the motion was granted.

10 3. Other District Court Cases. As the ITC litigations reach final determinations, the
11 attendant District Court cases that have been stayed due to the ITC actions will be pursued.
12 Relief from stay may need to be pursued to the extent the bankruptcy stay is still applicable.

13 4. Browns v. TPL Appeal. When the bankruptcy petition was filed the Court in the
14 case of *Browns v. TPL* had entered a Statement of Decision in the action, but had not yet entered
15 a judgment. TPL and the Browns stipulated to relief from the automatic stay to allow the
16 judgment to be entered so that the appeals in the state Court could proceed.

17 5. TPL v. GreenArrays et al. TPL intends to continue to pursue its discovery efforts
18 in its case against the yet-to-be named Roes, who it believes to be the shareholders and directors
19 of GreenArrays.

20 G. Rejecting Occam Portfolio LLC License

21 One of TPL's commercialization agreements was with Occam Portfolio LLC. As of the
22 time of filing its petition TPL had not licensed the Occam Portfolio. TPL determined it was not
23 likely to be able to generate sufficient revenue from licensing the portfolio in the short term to
24 justify the cost of continuing to prosecute the patents and to develop the needed marketing
25 program. Occam's inventor offered to purchase the patents from Occam Portfolio LLC for
26 \$150,000 if TPL would reject the commercialization agreement and terminate the license.

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2 Occam Portfolio LLC agreed that the full purchase price would be paid to TPL in exchange for
3 TPL rejecting the agreement. TPL moved the Court to permit it to reject the commercialization
4 agreement. The motion was granted on June 4, 2013, and resulted in a payment of \$150,000 to
5 the estate, as to which Alliacense received its 15% licensing contingency.

6 H. Stipulated Extensions of Exclusivity

7 TPL and the Committee stipulated to extend exclusivity under 11 U.S.C. § 1121(c)(2)
8 and 1121(c)(3) three times, first to July 18, 2013, and September 16, 2013, respectively, then to
9 August 16, 2013, and November 16, 2013, and then to November 8, 2013, and January 7, 2014,
10 to file a plan and to obtain acceptances thereof, respectively. TPL moved to extend exclusivity
11 one more time. The Committee indicated that it was in opposition, so TPL withdrew its motion.

12 I. Participation in BDRP

13 TPL and the Committee participated in two full days of mediation before the Honorable
14 Dennis Montali on October 9-10, 2013. The mediation paused with the transmission of revised
15 terms for a consensual Plan from TPL to the Committee. TPL reiterated the terms of its proposal
16 on October 24, 2013, at the direction of the mediator. ~~TPL and the~~The Committee seem
17 ~~both declines~~ to ~~believe that a~~ proceed with further ~~day of~~ mediation might be fruitful though ~~no~~
18 ~~date has yet been set~~TPL believes it would be helpful.

19 V. SUMMARY OF PLAN OF REORGANIZATION

20 The following is an executive summary of the Plan. You are urged to read the Plan itself.
21 In the event of any conflict between the Plan and this Disclosure Statement, the Plan controls.

22 J. Plan Type: Reorganization

23 The Plan is a plan of reorganization under which TPL will operate and pay its creditors
24 ~~the net proceeds of operations~~quarterly for a period of five years after its effective date, or such
25 longer time, without limitation, as may be required to achieve full payment of all allowed claims.

26 Payment Such Quarterly Payment (as defined herein) shall be comprised of 100% of the

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2 distribution of MMP Portfolio proceeds from PDS to TPL and, for a period of time, 12% of
3 Adjusted Gross Revenue. Until full payment of all allowed claims is made, TPL shall allow a
4 nominee or representative of the Creditors' Committee to occupy its seat on the PDS
5 Management Committee. Payments will be made on a quarterly basis until the estate has been
6 fully administered.

7 K. Classes Of Claims and Treatment Thereof

8 There are seven classes of claims and one class of interests under the Plan. The identity
9 of each class and its treatment under the Plan follows:

10 Each holder of an Unclassified Claim⁸ will receive payment of his, her, or its Allowed
11 Claim in cash on the Effective Date unless otherwise agreed by a particular claimant in writing.

12 Class 1 claimants holding Allowed Claims entitled to priority under Sections 507(a)(4)
13 and 507(a)(5) of the Bankruptcy Code receive payment of 100% of the amount of their Allowed
14 Claims, without interest, on the Effective Date.

15 Class 2, the first priority secured Allowed Claim of CCC shall be paid in full over time
16 with interest at a rate reduced from contract as follows: CCC shall retain the lien against its
17 collateral. CCC shall receive 75% of the Quarterly Payment (which consists of a percentage of
18 adjusted gross revenue and all excess profit) until CCC has been paid in full, which shall occur
19 within 4 months after the Effective Date. CCC shall not receive, and by voting affirmatively for
20 the Plan waives, the last \$50,000 of accrued interest owed under its settlement agreement with
21 TPL. The remaining 25% of the Quarterly Payment shall be deposited into the Claims Trust
22 Account and reserved to pay interest to Mr. Venkidu and the claims of Class 6 unsecured
23 creditors under the Plan. CCC's lien shall remain on said funds until it has been paid in full.

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26 ⁸ Administrative expense and post-petition tax claims by governmental units entitled to priority under
27 Section 507(a)(2) of the Code, as well as pre-petition unsecured priority tax claims entitled to priority
28 under Section 507(a)(8) of the Code are not classified under the Plan.

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2 Class 3, the second priority secured Allowed Claim of Daniel E. Leckrone, receives the
3 following treatment under the Plan: Mr. Leckrone will voluntarily subordinate his secured claim
4 until such time as (a) the Plan has been completed; (b) the Bankruptcy Case has been dismissed
5 or converted; or (c) five years has passed following the Effective Date, and CCC, Mr. Venkidu
6 and the holders of Class 6 Allowed unsecured Claims have been paid in full. When payable,
7 Mr. Leckrone shall receive on account of his Class 3 Allowed secured Claim payment in full
8 with interest as follows: after payment of all unclassified and classified Allowed Claims set forth
9 in Classes 1-6 herein has been completed, Mr. Leckrone shall receive 75% of TPL's Quarterly
10 Payment until his Allowed secured Claim has been paid in full with interest at 3% *per annum*.
11 The remaining 25% of the Quarterly Payment shall be deposited into the Claims Trust Account
12 and reserved to pay the claims of Class 7 under the Plan.

13 Class 4, the third priority secured Allowed Claim of Mr. Venkidu shall receive payment
14 in full over time with interest at a rate reduced from the contractual 8% to 7% as follows: Mr.
15 Venkidu shall retain his lien against his collateral. After CCC is paid in full, Mr. Venkidu shall
16 receive 75% of the Quarterly Payment. Until the payment in full of CCC and commencement of
17 payments of 75% of the Quarterly Payment, Mr. Venkidu shall receive monthly interest
18 payments on its entire Allowed Claim at a rate of 7% simple interest per year. The remaining
19 25% of ~~NOT~~the Quarterly Payment shall be deposited into the Claims Trust Account and
20 reserved to pay the claims of Class 6 unsecured creditors under the Plan. Mr. Venkidu's lien
21 shall remain on said funds until he has been paid in full.

22 Class 5 , the Allowed Claims of (1) holders of unsecured debt with a face amount of
23 \$5,000 or less, (2) holders of Allowed Claims that are both unsecured and are reduced by
24 agreement to \$5,000 or less, and (3) holders of claims reduced by an Order of the Court on an
25 objection to an Allowed Claim of \$5,000 or less, shall receive payment in full of their Allowed
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2 Claims, to the extent they have been reduced by agreement or by final Order of the Court to
3 \$5,000 or less, on the Effective Date.

4 Class 6 holders of general unsecured obligations that are Allowed Claims will receive
5 payment in full over time as follows: holders of Allowed Claims will receive quarterly *pro rata*
6 payments of 25% of the Quarterly Payment (less interest paid to Mr. Venkidu) until Class 2 and
7 Class 4 have been paid in full and 100% of the Quarterly Payment following the payment in full
8 of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Holders of Class 6 Allowed
9 Claims shall receive interest calculated at three percent *per annum* or such other rate as the
10 Bankruptcy Court may direct is required in order to confirm the Plan.

11 Class 7 holders of unsecured Allowed Claims by 13% Investors will, if they vote to
12 accept the Plan, receive distributions equal to 20% of their Allowed Claims, without interest,
13 following the completion of payment of all Allowed Unclassified Claims and Allowed Classified
14 Claims in Classes 1-6. If Class 7 does not vote to accept the Plan pursuant to Section 1126(c) of
15 the Code, then each holder of an Allowed Claim in Class 7 shall be entitled to receive payment
16 in full as a member of Class 6, subject to TPL's the Creditor Trust Trustee's right to (a) bring an
17 action to subordinate such dissenting member(s) claims pursuant to Section 510(b) of the Code,
18 or any other applicable law, or (b) challenge any Class 7 claim not voting to accept the Plan on
19 any other ground.

20 Class 8 consists of the equity interest in TPL. Daniel E. Leckrone shall, as the sole
21 holder of all equity interests in TPL, retain those interests pursuant to Class 8 without
22 modification.

23 L. Means of Execution of Plan

24 The Creditor Trust Trustee shall establish a separate, segregated bank account by the
25 Effective Date which shall be the Claims Trust Account. On or before the Effective Date, TPL
26 shall fund said Claims Trust Account with ~~available NOP~~ funds from operations, which shall be
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2 used to enable the Claims Trust Trustee to make all payments due on the Effective Date;
3 provided, however, that if ~~NOP~~ there are not sufficient funds from operations to make all
4 payments that are due on the Effective Date, then such payments shall be made *pro rata* until
5 paid in full from ~~NOP~~ funds from operations. Following the close of each calendar quarter, TPL
6 shall transmit the Quarterly Payment to the Claims Trust Trustee for deposit into the Claims
7 Trust Account; provided, however, that in any quarter in which the transmittal of the Quarterly
8 Payment to the Claims Trust Trustee would result in a reduction of the WCR, the Quarterly
9 Payment for that quarter shall be reduced accordingly. Such reduction shall not be a Plan default
10 as long as TPL has transmitted to the Claims Trust Trustee an amount equal to 12% of Adjusted
11 Gross Revenue annually. The Claims Trust Trustee shall distribute from the Claims Trust
12 Account the sums specified in the Plan.

13 Subject to Section 4.01 of the Plan, on the Effective Date the Creditor Trust Trustee shall
14 pay any administrative priority claims for professional fees and costs allowed by Order of the
15 Court unless the claimant agrees to another treatment. Professional fees and costs incurred after
16 Confirmation shall be paid from the sums reserved for professional fees payable after the
17 submission of bills in the ordinary course to TPL according to the notice procedure set forth in
18 the Plan.

19 Subject to Section 4.01 of the Plan, on the Effective Date TPL shall pay all Class 1 and
20 Class 5 Allowed Claims.

21 On the Effective Date, TPL shall execute and file documents granting holders of Class 6
22 Allowed Claims a lien against all TPL's assets.

23 ~~TPL shall pay the Creditor Trust Trustee 12% of its Adjusted Gross Revenue and all~~
24 ~~remaining NOP every quarter~~ The Quarterly Payment is comprised of (1) 12% of TPL's Adjusted
25 Gross Revenue until Classes 1 through 6 are paid in full plus (ii) 100% of PDS Revenue; either
26 as adjusted by the Plan or otherwise by consent of the Claims Trust Trustee. Adjusted Gross

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2 Revenue is TPL's Gross Revenue less amounts owing under patent litigation counsel
3 contingency retainer agreements for CORE Flash, Fast Logic and 3D ART, and agreements with
4 third-party inventors including but not limited to Thunderbird Technologies and Adrian Sfarti.
5 TPL's Gross Revenue is cash received by TPL during each calendar quarter from (i) operations,
6 including license payments, litigation settlements, judgments, damage awards and service fees,
7 (ii) asset sales and (iii) interest and dividends. PDS Revenue is the distribution from PDS of
8 revenue from the MMP Portfolio to which TPL is entitled as a Member of PDS, which does not
9 include fees and expenses paid to TPL by PDS.

10 TPL shall pay the Creditor Trust Trustee the Quarterly Payment other than the WCR,
11 which shall be built by withholding from revenue a total of \$1 million over no fewer than 2
12 quarters after Confirmation.

13 TPL shall reduce its annual operating budget for employee salaries, overhead, and G&A
14 expenses to \$3 million until such time as holders of Allowed Claims in Classes 1, 2, 4 and 5 are
15 paid in full and holders of Allowed claims in Class 6 have been paid at least 50% of amounts
16 owing, at which time TPL may increase its operating budget for staffing and salaries back to
17 their original levels. As part of the aforementioned reduction Daniel E. Leckrone, Susan Anhalt,
18 and Janet Neal shall, commencing upon the Effective Date, defer 10% of their salaries. The
19 amount of salary deferred will be repaid by TPL from operating funds *pari passu* with the
20 percentage of Allowed Class 6 claims paid by the Claims Trust Trustee.

21 At the Effective Date, Daniel Leckrone will resign from the PDS Management
22 Committee. TPL shall allow the Committee to select an individual to fill its seat on the PDS
23 Operating Committee for such time until the Allowed Claims have been paid in full, at which
24 time Mr. Leckrone's seat on the PDS Operating Committee shall be restored to him (or his heir,
25 successor or assign) automatically and without further Order of the Bankruptcy Court though Mr.
26 Leckrone may decline to accept the seat. As a condition of granting permission under this Plan

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2 for PDS to pay TPL's share of distributions to the Claims Trust Trustee, TPL shall not be bound
3 by any requirement to fund PDS during such time, nor shall TPL lose any ownership interest in
4 PDS during such time. If the PDS Management Committee demands that TPL fund PDS, then
5 Mr. Leckrone's seat on the PDS Management Committee shall immediately revert to him or his
6 heir, successor or assign, with the authority to approve any third member of the Management
7 Committee as may be permitted by law and contract.

8 TPL shall continue to manage licensing, and litigation, and pay its contingent fee counsel
9 and Alliacense according to the terms of the contracts with each of them and will be free to enter
10 into new contracts with counsel and service providers to prosecute existing or future litigation,
11 manage prosecution and maintenance of patent Portfolios it commercializes and assist in its
12 business affairs in its business judgment. TPL will also pay third-party litigation costs in its
13 various litigations as well as pay for prosecution and maintenance related to the portfolios it
14 licenses.

15 To the extent that insufficient cash is on hand at the Effective Date to pay any claim
16 under the Plan in Class 1 or Class 5, ongoing sums collected shall be utilized to make such
17 payments, and it shall not be a Plan default so long as the full amount contemplated by the Plan
18 to be made to these claims is made within one year of the Effective Date.

19 TPL is authorized, along with the Creditors Trust Trustee, to bring objections to the
20 claims that it disputes and bring actions to recover preferential transfers and fraudulent
21 conveyances pursuant to its avoiding powers under the Code, or such other actions as it deems
22 appropriate. ~~The list of persons and entities subject to potential suit and potential objections to~~
23 ~~claims is listed in Exhibit "B" to the Disclosure Statement.~~—The Creditor Trust Trustee is
24 authorized to object to the claims of Daniel E. Leckrone and any other insider or related entity, to
25 seek the subordination or re-characterization of such claims as equity, or to bring suit for
26 recovery from Mr. Leckrone or any insider under sections 547, 548, 550 or 553 of the Code.

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2 TPL and the Creditors Trust Trustee are authorized and empowered to bring actions
3 against the 13% Investors to subordinate their claims or challenge their claims on any ground.

4 TPL will operate and pay its creditors ~~from NOP~~quarterly for a period of five years after
5 the Effective Date, or such longer time, without limitation, as may be required to achieve full
6 payment of all allowed claims with interest. Payment will be made on a quarterly basis until the
7 estate has been fully administered.

8 The Plan will conclude when all objections to claims have been determined by final
9 Order, all adversary proceedings have been resolved with a final judgment or Order of dismissal,
10 applications for all professional fees have been heard and all amounts allowed paid, all U.S.
11 Trustee fees have been paid, and any final reserves and monies owing have been collected and
12 distributed to creditors.

13 D. Executory Contracts

14 Confirmation of the Plan, subject to paragraph 5.01.2 of the Plan, effects the assumption
15 of the following contracts: (1) the TPL/Moore/Patriot/PDS Settlement Agreement dated January
16 23, 2013, ~~provided that Moore and Patriot's entitlement to 2.5% and 4%, respectively, of~~
17 ~~advances paid by PDS against future distributions be waived by each of Moore and PTSC and~~
18 ~~provided that no party is in default thereunder~~; (2) Commercialization Agreements for CORE
19 Flash, Fast Logic and 3D ART; (3) TPL's Agreements with Thunderbird Technologies; (4) the
20 Marcoux-TPL Settlement Agreement; (5) TPL's GE Copier leases; (6) TPL's Service Agreement
21 with TriNet Acquisition Corporation; and (7) TPL's Plan Service Agreement with Fidelity
22 Management Trust Company.

23 Confirmation of the Plan effects the rejection of the following contracts: (a) TPL's
24 Commercialization Agreements with VNS Portfolio LLC, Wafer-Level Packaging Portfolio
25 LLC, SWAT/ACR Portfolio LLC, Multipath Portfolio LLC, Interconnect Portfolio LLC, Online
26 Security Portfolio LLC, Audio Technology Partners LLC, the Peerless Hearing Aid Company,
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2 SyberSay Communications Corporation; and (b) TPL's Service Agreement with Semiconductor
3 Insights.

4 All Incentive Compensation Contracts are rejected as of the Effective Date and will be
5 treated as general unsecured Class 6 claims unless subordinated by agreement or Order of the
6 Bankruptcy Court.

7 Other contracts of TPL not previously and expressly assumed or rejected by TPL by final
8 Order of the Court, such as its worldwide non-exclusive patent licenses, are deemed under such
9 circumstances to have "passed through" the bankruptcy and will remain in effect without
10 modification, including the Alliacense Amended Services Agreement. Alliacense has agreed
11 that TPL's position of not assuming the agreement will not trigger an immediate termination by
12 Alliacense of the agreement or a demand to renegotiate the payment structure of the agreement at
13 market rates at this time. TPL has requested that Alliacense further agree that damages resulting
14 from an action to recover sums from Alliacense, successful or otherwise, shall be treated as a
15 pre-petition Class 6 general unsecured claim, subject to further order of the Bankruptcy Court
16 following action by the Creditors' Trust Trustee, if any, to subordinate such claim. If Alliacense
17 fails by Confirmation to agree in writing consent to the treatment set forth in paragraph 5.04 of
18 the Plan, then the Alliacense Services Contract shall be immediately rejected under Section 365
19 of the Bankruptcy Code without further notice or hearing after Confirmation.

20 E. Disputed Claims

21 The Creditors Trust Trustee shall maintain in its Claims Trust Account prior to
22 distribution 100% of the amount to which the holder of any Disputed Claim would be entitled
23 plus interest at the rate specified for such claims under the Plan. The Creditors Trust Trustee
24 shall hold that amount, plus additional distributions segregated, until such time as the rights of
25 the claimant for whom funds have been segregated have been determined. If the claim becomes
26 an Allowed Claim, then the Creditors Trust Trustee shall distribute the funds according to the
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2 terms of the Order allowing a particular claim. If the Disputed Claim is ultimately disallowed,
3 then the Creditors Trust Trustee shall utilize the funds withheld to pay creditors according to the
4 terms of the Plan.

5 F. Voluntary Subordination Of Claims And Waiver of Statute

6 The following creditor have agreed to voluntarily subordinate their pre-petition general,
7 unsecured claims to the payment of all Allowed Claims in Class 1 through Class 6, inclusive,
8 under this Plan: Daniel E. Leckrone. The subordination shall be effective until such time as (a)
9 the Plan has been completed; (b) the Bankruptcy Case has been dismissed or converted; or (c)
10 five years has passed following the Effective Date, and CCC, Mr. Venkidu and the holders of
11 Class 6 Allowed unsecured Claims have been paid in full.

12 Mr. Leckrone has agreed to an open-ended extension of the statute of limitations for the
13 Creditor Trust Trustee to bring avoidance actions under the Bankruptcy Code against him.

14 G. Default Under Plan. Any holder of an Allowed Claim entitled to a payment that is not
15 paid may serve TPL and the undersigned counsel at the address in the caption of this pleading
16 with a notice of alleged default. Said notice must state with specificity the date of the alleged
17 default, the amount which the noticing party claims was not paid, and any other relevant facts
18 pertaining to the asserted default. If the alleged default is disputed by TPL, then TPL may contest
19 the asserted default in the Bankruptcy Court at a hearing on at least 10 days' notice to the party
20 claiming a default. Upon a final adjudication of the matter by the Court, if the alleged default is
21 in fact a default and TPL fails to cure such default within thirty (30) days from the date of
22 service of notice of default, then, on or after the 31st day after service of the notice, the noticing
23 party may set a motion to convert the Bankruptcy Case to Chapter 7 for hearing before the
24 Bankruptcy Court. The motion to convert shall be heard on not less than 21 days' notice. TPL
25 may cure the default without prejudice to the continued effectiveness of the Plan until the
26 issuance of an Order converting the Bankruptcy Case to Chapter 7.

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2 H. Creditors' Committee.

3 The Committee shall terminate and be dissolved on the Effective Date.

4 VI. DISCLOSURES & ANALYSIS OF TREATMENT OF EXECUTORY CONTRACTS

5 TPL is currently party to a range of executory contracts, which are being assumed or
6 rejected under the Plan, or which will ride through the bankruptcy having been neither assumed
7 nor rejected. TPL's executory contracts can be divided into the following categories: (1)
8 Commercialization Agreements, pursuant to which TPL is granted rights to commercialize
9 Portfolios based upon a stated set of terms; (2) Settlement Agreements with ongoing obligations;
10 (3) Service Agreements with vendors providing TPL with services, including litigation patent
11 counsel, Alliacense, and others; (4) Incentive Compensation agreements attendant to
12 employment or consulting relationships; and (5) Agreements with general business vendors.⁹

13 A. Commercialization Agreements with Historical Background

14 TPL's Commercialization Agreements are currently the core of its business because these
15 are the agreements pursuant to which TPL has the right to manage Licensing Programs and
16 otherwise commercialize Portfolios. The common thread in all TPL's Commercialization
17 Agreements is that TPL acquires the exclusive right to commercialize the Portfolio patents in
18 exchange for an obligation to commercialize and a percentage of the proceeds. The obligation to
19 commercialize typically includes the obligation to prosecute and maintain the patents within the
20 reasonable business judgment of TPL and incur other expenses related to the development of the
21 commercialization program as well as minor administrative costs associated with entity
22 maintenance. TPL has evaluated each Commercialization Program and corresponding Portfolio
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24 _____
25 ⁹ TPL has also entered into approximately 175 non-exclusive licenses of patent portfolios. TPL does not
26 believe that such licenses are executory contracts and subject to either assumption or rejection under the
27 Plan. Inasmuch as rejection would simply trigger the right of the licensees to continue to use the licensed
28 patent under Bankruptcy Code Section 365(n), all such licenses will be deemed to have "ridden through"
the Bankruptcy Case and emerge unaffected following Confirmation.

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2 Commercialization Agreement to determine whether, in its business judgment, each should be
3 assumed. The factors that TPL considered include: (1) whether there are defaults to cure upon
4 assumption of the agreements; (2) whether the agreements are a significant source of revenue for
5 TPL's business operations in the next 5 years; (3) whether the revenues projected over the next 5
6 years for the portfolio substantially exceeds the projected costs of the program, or whether there
7 is a strategic benefit to retaining the portfolio in question; (4) whether the obligations owing to
8 the patent owners are reasonable and reflect a market rate of return that is historically consistent
9 with returns paid to non-insider patent owners.

10 TPL is actively pursuing Commercialization Programs with respect to the MMP, CORE
11 Flash, Fast Logic, and 3D ART Portfolios, including the current litigations pending against
12 infringers of MMP, CORE Flash, and Fast Logic. TPL plans, with the consent of each
13 counterparty to the respective underlying Portfolio Commercialization Agreement, to assume
14 each such agreement. TPL has evaluated each of these Commercialization Programs and
15 corresponding Portfolio Commercialization Agreements and has determined that, in its business
16 judgment, each should be assumed because TPL believes there are no defaults to cure on
17 assumption of the agreements; the agreements are currently, or are anticipated to be within 5
18 years, a significant source of revenue for TPL's business operations; the revenues projected over
19 the next 5 years of each portfolio substantially exceed the projected costs of the program or there
20 is a strategic benefit to retaining the portfolio in question; and, the obligations owing to the
21 patent owners are reasonable and reflect a market rate of return consistent with or less than the
22 historical returns paid to non-insider patent owners.

23 The CORE Flash and Fast Logic Portfolios are owned by limited liability companies that
24 are owned in part indirectly by Dan Leckrone, TPL's Chairman and Manager. Neither company,
25 however, has received any cash distribution from TPL or other return from the Portfolio to date.
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2 TPL has also evaluated each of the other Commercialization Programs and corresponding
3 Commercialization Agreements and has determined that, in its business judgment, each of such
4 other Commercialization Agreements should not be assumed because they failed to meet one or
5 more of the same factors discussed above. TPL believes that there will not be damages claims
6 resulting from the rejections.

7 1. MMP – Charles Moore, Patriot Scientific Corporation and Phoenix Digital
8 Solutions LLC.

9 In 2002, Charles Moore approached TPL to consult regarding the development and
10 commercialization of a new microprocessor device known as an “Array” that would be suitable
11 for use as a processing platform for a software enabled radio. The Array would utilize elements
12 of the Moore Microprocessor or “MMP” technology (a de facto standard of fundamental
13 building blocks for virtually all modern microprocessor devices) in which TPL had been
14 involved with Mr. Moore in the 1980’s. TPL formalized the relationship with Mr. Moore in late
15 2002 in a Commercialization Agreement (the “Moore-TPL ComAg”), pursuant to which Mr.
16 Moore granted TPL an exclusive license to commercialize the MMP Portfolio of patents as well
17 as an assignment of partial ownership in the MMP Portfolio. The Moore-TPL ComAg is the
18 genesis of TPL’s ownership in MMP, one of the key revenue generators for TPL. It was
19 amended in 2007 to reflect a number of additional agreements between the parties.

20 In early 2004, Patriot Scientific Corporation (OTC: PTSC) (“Patriot”) filed a lawsuit
21 against TPL, Mr. Leckrone and Mr. Moore for declaratory judgment disputing their ownership in
22 the MMP Portfolio. The litigation was ultimately settled by the parties, and a stipulated final
23 judgment was entered in June 2005 in favor of TPL, Mr. Leckrone and Mr. Moore on their
24 counter-claims declaring that Mr. Moore was a co-inventor and TPL was a co-owner of the
25 MMP Patents. In connection with the settlement, a Master Agreement was entered into by TPL,
26 Mr. Moore and Patriot dated June 7, 2005 pursuant to which a joint venture was created (Phoenix
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2 Digital Solutions, LLC or “PDS”) with equal ownership split between Patriot and TPL, the MMP
3 Portfolio transferred into PDS, and TPL was granted exclusive rights with respect to the
4 management and commercialization of the MMP Portfolio under the terms of the
5 Commercialization Agreement entered into amongst Patriot, PDS, and TPL. The Joint Venture
6 transaction resulted in a number of agreements related to the continuation of the
7 commercialization of the MMP Portfolio, including the PDS Operating Agreement which
8 governs the limited liability company and identifies each Member’s rights and obligations with
9 respect to the Joint Venture. This agreement is the basis for TPL’s right to proceeds from PDS.
10 In addition, Patriot, PDS and TPL entered into a Commercialization Agreement (“PDS-TPL
11 ComAg”) granting TPL exclusive rights to commercialize the MMP Portfolio as well as a
12 licensing fee in an amount equal to 15% of the gross proceeds of the MMP licensing program
13 less certain adjustments and the payment of all third-party expenses. A series of conflicts arose
14 over payments owed between the parties under the various agreements, which have resulted in a
15 number of agreements through 2012. The parties agreed to amend the commercialization
16 program in July of 2012 to resolve additional disputes between the parties, the result of which is
17 that PDS licenses the MMP Portfolio instead of TPL and TPL no longer manages the MMP
18 Licensing Program. Thus, the right of TPL to receive a 15% fee for licensing the MMP Portfolio
19 was eliminated, leaving TPL with the exclusive right and authority to pursue litigation involving
20 the enforcement of the MMP Portfolio. The Agreement did not establish the basis upon which
21 TPL would be compensated for its litigation-related services, and negotiations are currently
22 underway with PDS and Patriot with respect thereto, including the scheduled claim of TPL
23 against PDS for approximately \$200,000 which has increased by approximately \$200,000 since
24 TPL’s Petition filing. In addition, PDS has refused to pay TPL \$225,000 for a contingency
25 payment on a License that was executed while TPL still managed the Licensing Program and
26 claimed that the amount owing is offset against some amount Patriot claims TPL owes to PDS.
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2 TPL believes the offset is subject to attack because it is done within 90 days of TPL's Chapter 11
3 filing and is also done without TPL's agreement. All the agreements have been heavily
4 negotiated and collectively form the basis for TPL's entitlement to MMP licensing revenue.

5 At the time of the filing of the petition for reorganization, TPL was party to a settlement
6 agreement with Charles Moore, Patriot and PDS resolving litigation regarding payment of
7 royalties claimed by Mr. Moore, in the case of *Moore v. Technology Properties Limited, LLC et*
8 *al.* Santa Clara County Superior Court, Case No. 1-10-cv-183613. This agreement, entered into
9 on January 23, 2013 (the "January 2013 Settlement Agreement"), provides, among other things,
10 that Mr. Moore is paid a percentage of funds distributed from PDS rather than be paid by TPL
11 from TPL's distribution. It also resulted in Mr. Moore dismissing the action against TPL with
12 prejudice. The payment provisions in the settlement agreement take the place of the prior
13 agreements between TPL and Mr. Moore regarding Mr. Moore's receipt of revenue from the
14 MMP Portfolio. PDS and Patriot agreed to accept the terms, including the obligation of PDS to
15 pay Mr. Moore, and granted him an advisory seat on the board of PDS.

16 Assuming the January 2013 Settlement Agreement entered into which resolved the
17 Moore/TPL litigation provides a number of benefits and burdens to TPL. The benefits to TPL
18 relate to the uncertainty of the impact a trial would have on both TPL's ownership in MMP, as
19 well as Moore's claim of underpayment related to Moore's share of recovery related to MMP
20 revenues. A negative outcome regarding TPL's ownership rights in MMP could have a negative
21 impact on TPL's entitlements with respect to the MMP Program and/or standing in current MMP
22 litigations which would likely impact the litigation schedule and revenue generated from
23 licensing. In addition, continued turmoil may negatively impact MMP revenue regardless of the
24 merits of Moore's claims.

25 The burden associated with assuming the January 2013 Settlement Agreement is that TPL
26 gives up approximately 48% of its distribution from PDS. Prior to the January 2013 Settlement
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2 Agreement, PDS distributions were split 50% to Patriot Scientific and 50% to TPL. Under the
3 terms of the Moore-TPL ComAg, the 50% distribution from PDS to TPL was split between
4 Moore and TPL 55% to Mr. Moore and 45% to TPL. The Moore-TPL ComAg requires the
5 payment of certain expenses, including amounts payable to the 13% Investors, before
6 distributions to Moore and TPL. The *Brown v TPL* litigation resulted in the Court changing
7 TPL's calculation methodology for the 13% Investors resulting in approximately \$38 million of
8 claims by the 13% Investors. The burden to TPL of assuming the January 2013 Settlement
9 Agreement is that the 13% Investors' entitlement, if any, will come entirely out of TPL's share
10 of MMP revenue, whereas before the January 2013 Settlement Agreement Investors were paid
11 prior to TPL and Moore splitting the MMP revenue.

12 A rejection of the January 2013 Settlement Agreement may give rise to a claim for
13 damages from Mr. Moore, Patriot or PDS; however, it is difficult to estimate damages even if
14 any of those parties were successful in proving damages. Mr. Moore's damages, if any, may
15 likely be reduced by any amount owing to the Investors, which will not be resolved until TPL's
16 appeal against the Browns is resolved.

17 TPL is still reviewing the benefits and burdens associated with assumption or rejection of
18 all the agreements related to the Joint Venture with Patriot.

19 2. Commercialization Agreements with Other Unrelated Parties.

20 a. 3D ART.

21 In October of 2009, TPL entered into a commercialization agreement with Adrian
22 Sfarti pursuant to which TPL agreed to implement a commercialization program with respect to a
23 new graphics technology now known as 3D ART, with TPL as the exclusive licensor thereof in
24 return for 50% of the net proceeds of the licensing program, which would deduct all costs
25 incurred in conjunction therewith. TPL would also earn an ownership interest in a limited
26 liability company which would be the owner of the patent portfolio, and the limited liability
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2 company would initially be owned by Mr. Sfarti with TPL earning at most a 50% interest thereof
3 based on payments of net proceeds to Mr. Sfarti.

4 TPL has made a substantial investment in the 3D ART Portfolio in connection
5 with market and technical analyses, and patent prosecution which has resulted in the Portfolio
6 being ready for active commercialization having strong prospects for substantial economic return
7 within the next several years. Accordingly, in the business judgment of TPL, the 3D ART
8 Commercialization Agreement with Mr. Sfarti should be assumed and should be the subject of
9 continued investment by TPL. TPL does not believe there are any defaults to cure and that the
10 near-term investment is outweighed by the forecasted revenues during the next 5 years.

11 3. Commercialization Agreements with Related Parties.

12 Early in 2006 TPL and IntellaSys Corporation (both of which were owned by Mr.
13 Leckrone) were heavily engaged in the development of the asynchronous array microprocessor,
14 SEAFORTH. Mr. Brown, the CEO of IntellaSys, had relationships with two chip businesses
15 (OnSpec Electronics Inc. and Indigita) which had already invested in the development of the
16 chip-business infrastructure and customer base and which Mr. Brown regarded as essential for
17 the future of IntellaSys. Both OnSpec and Indigita also had patent portfolios which appeared to
18 represent valuable additions to TPL's licensing business and the transactions are discussed in
19 detail below.

20 The OnSpec and Indigita transactions occasioned the development of a model for the
21 acquisition of patent portfolios which would enable TPL to build, protect, and retain portfolio
22 value at the same time segregating the ownership of each Portfolio so that each could be
23 independently developed and commercialized without the constraints and complications that
24 arise from Portfolio ownership being mixed with other assets and the interests of other
25 principals, a commonly-used structure in the industry.

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2 The structure involved the acquisition of a Portfolio by a dedicated limited liability
3 company, owned indirectly by Mr. Leckrone and his family members, the sole function of which
4 was to acquire ownership of the Portfolio and then to transfer all incidents of ownership other
5 than title to TPL through an exclusive license and assignment of all commercialization and
6 enforcement rights to TPL for its own use and benefit, in exchange for the implementation of a
7 commercialization program by TPL (including the obligation to prosecute and maintain the
8 patents) and a participation in the proceeds thereof. To date, none of the Portfolio owners in this
9 structure has received a payment from TPL. One entity, Interconnect Portfolio LLC, was
10 entitled to a cash payment when the majority of patents of the Portfolio it owned were sold to
11 Samsung (as discussed below), but agreed to delay receipt of its payment until TPL's cash
12 position improved. Interconnect Portfolio LLC filed an unsecured claim of \$1,387,375 against
13 TPL. Each acquisition transaction is discussed below.

14 a. CORE Flash – MCM Portfolio LLC – OnSpec Electronic, Inc.

15 In April 2006 Mr. Leckrone acquired OnSpec Electronic, Inc., a chip business that
16 had a well-developed world-wide infrastructure of fab relationships, distribution channels, sales
17 representatives, and a customer base, as a way for the budding IntellaSys business to leverage an
18 existing structure and launch the SEAFORTH microprocessor that was being developed by
19 IntellaSys and for which IntellaSys CEO Chet Brown had already forecasted revenues in the
20 hundreds of millions of dollars. It was clear that the SEAFORTH chip would need an existing
21 platform in order to capitalize on Mr. Brown's growth projections. OnSpec also had developed
22 and patented technology related to flash memory management which TPL viewed as a licensing
23 opportunity and ultimately took to market as "CORE Flash."

24 MCM Portfolio LLC (formerly, FMM Portfolio LLC) was established in early
25 2006 to acquire the CORE Flash Portfolio from OnSpec. On April 3, 2006, MCM acquired the
26 CORE Flash Portfolio from OnSpec pursuant to a Purchase and Assignment Agreement in
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2 exchange for an interest-bearing promissory note in favor of OnSpec from MCM (the “OnSpec
3 Note”), and thereafter MCM granted TPL an exclusive license to CORE Flash in exchange for an
4 obligation to commercialize the Portfolio (including the prosecution and maintenance of the
5 patents) and a percentage of the proceeds. Mr. Leckrone then acquired the outstanding shares of
6 OnSpec and TPL guaranteed the payment of the purchase price (approx. \$10 million). This
7 structure was a requirement of the Selling Shareholders of OnSpec who did not want TPL to be
8 the purchaser of their shares directly, but wanted the guarantee from TPL of payment. TPL,
9 MCM and Mr. Leckrone also granted the Selling Shareholders a security interest, which is
10 discussed in Section III above.

11 The following payments of the purchase price for the outstanding shares of
12 OnSpec have been made to date: \$3,847,272 in 2006, \$1,716,238 in 2007, \$251,104 in 2011 and
13 \$625,000 in 2012, for a total of \$6,439,614. These payments were booked as distributions by
14 TPL to Mr. Leckrone in TPL’s financial records as well as for tax reporting. Rather than writing
15 a check to Mr. Leckrone and then having him write checks to the Selling Shareholders, TPL
16 wrote the checks directly to OnSpec’s Selling Shareholders. TPL did not make any of these
17 distributions to Mr. Leckrone at a time when TPL was insolvent. TPL has never made any
18 payment with respect to the OnSpec Note. TPL has made payments totaling \$375,000 in
19 adequate protection payments to Mr. Venkidu since the inception of the Chapter 11 to date for
20 the ability to use his cash collateral in operations during this time.

21 TPL also had a consulting agreement with OnSpec for services related to the
22 development of the licensing and commercialization programs for CORE Flash pursuant to
23 which TPL paid OnSpec \$2,400,000 from June 2006 through April 2008.

24 As a fully-operational chip company with a range of product offerings, the
25 OnSpec infrastructure was leveraged by the IntellaSys business (which merged into TPL in
26 September 2006) by enabling it to establish relationships quickly and on similar terms with fabs,
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2 sales representatives and distributors, and potentially customers. The OnSpec workforce also
3 provided substantial technical expertise, which was leveraged by IntellaSys. By early 2008 the
4 OnSpec chip business had been integrated into TPL's IntellaSys division and a small flash drive
5 startup named IronKey Inc. acquired substantially all the remaining assets of OnSpec and hired
6 the OnSpec team of developers in a non-cash transaction that resulted in the issuance to OnSpec
7 of IronKey stock. Upon completion of the transaction with IronKey in April 2008, OnSpec was
8 dissolved in April 2008.

9 TPL has received licensing revenue of approximately \$14 million from the CORE
10 Flash Portfolio to date and will continue to earn revenues from it if MCM Portfolio LLC, the
11 owner of the Portfolio, allows TPL to assume the license. No payments have been made by TPL
12 to MCM Portfolio, nor does MCM Portfolio have a pre-petition or administrative claim against
13 TPL in the Chapter 11 proceeding. TPL has incurred nominal administrative expenses per year
14 on MCM's behalf related to entity maintenance and tax preparation pursuant to the TPL-MCM
15 Commercialization Agreement. TPL has paid significant expenses in the prosecution of the
16 Portfolio to date as well as in support of the litigation discussed in Section II.B above; however,
17 the investments made to date have significantly enhanced the revenues to date as well the
18 expected revenues over the next 5 years, and TPL believes it is in the best interests of the estate
19 to assume the TPL-MCM Commercialization Agreement. If TPL's Plan is confirmed, MCM has
20 agreed to accrue any amounts that become owing to it under the Commercialization Agreement
21 until such time as Class 6 has been paid in full, provided the Commercialization Agreement is
22 not breached in any other manner, which includes TPL continuing to prosecute and maintain the
23 patents as well as to continue to pay the nominal expenses related to entity maintenance and tax
24 preparation. In addition, MCM requires interest to accrue on any unpaid balance at the same
25 annual rate as Class 6.

26 b. TruVNS – VNS Portfolio LLC – Indigita Corporation

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2 In May 2006 following the OnSpec transaction, IntellaSys CEO Chet Brown
3 urged the acquisition of the assets of the chip business of the former Indigita Corporation, a
4 company for which he had previously worked which had filed for bankruptcy. The Indigita chip
5 business had some of the same potential benefits as OnSpec, but was significantly earlier in its
6 development. It was thought, however, that its chip products could help build the IntellaSys
7 brand which in turn would benefit the anticipated SEAForth chip business once it was ready to
8 launch. Indigita also had promising video networking technology (“TruVNS”) which TPL
9 thought could be commercialized.

10 In April 2006, Mr. Leckrone established VNS Portfolio LLC for the purpose of
11 acquiring all rights to the TruVNS Portfolio from Indigita Corporation out of bankruptcy and the
12 acquisition was completed in May 2006 for approximately \$30,000. The amount of the purchase
13 price was booked as a distribution to Mr. Leckrone in TPL’s financial records and for tax
14 purposes, but rather than wire the amount to Mr. Leckrone with a subsequent wire to the
15 bankruptcy estate, TPL wired the amount directly to the selling estate. VNS immediately
16 granted TPL the exclusive license to commercialize the Portfolio in exchange for an obligation to
17 commercialize the Portfolio and a percentage of the proceeds.

18 Concurrently, Indigita LLC was established by Mr. Leckrone and in May 2006, it
19 acquired all of the assets of the Indigita chip business out of bankruptcy for approximately \$1
20 million. The amount of the purchase price was booked as a distribution to Mr. Leckrone in
21 TPL’s financial records and for tax purposes, but rather than wire the amount to Mr. Leckrone
22 with a subsequent wire to the bankruptcy estate, TPL wired the amount directly to the selling
23 estate. TPL did not make either of these distributions to Mr. Leckrone at a time when TPL was
24 insolvent.

25 From 2006 through the time it ceased operations in early 2008, Mr. Leckrone
26 made capital contributions to Indigita for operating expenses after receiving distributions from
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2 TPL in the same amount. None of these distributions to Mr. Leckrone occurred at a time when
3 TPL was insolvent. The total amount of these distributions to Mr. Leckrone that were then
4 contributed to Indigita was less than \$1.5 million.

5 Indigita's chip products never gained significant commercial acceptance and in
6 April 2008 all of the assets and certain liabilities of Indigita LLC were sold to Moschip for
7 proceeds of under \$100,000 and ongoing royalty payments for a license to the VNS Portfolio,
8 which have been minor. All proceeds from the asset sale and from the royalties have been paid
9 to TPL. Indigita LLC was merged into TPL in 2010.

10 TPL has not earned significant revenue from the TruVNS Portfolio to date, but
11 continues to market it. No payments have been made by TPL to VNS Portfolio, nor is VNS
12 Portfolio making a claim against the estate, either pre-petition or administrative. TPL has
13 incurred nominal administrative expenses per year on VNS' behalf for entity maintenance and
14 tax preparation pursuant to the TPL-VNS Commercialization Agreement. There have been
15 insignificant expenses in the prosecution of the Portfolio and TruVNS has not been the subject of
16 any litigation nor is it expected to be. TPL does not anticipate the potential revenues from the
17 Portfolio to be significant enough to warrant the continued prosecution and maintenance costs
18 involved and therefore will reject the Commercialization Agreement.

19 c. Fast Logic – HSM Portfolio LLC – Thunderbird Technologies Inc.

20 In May 2007, Mr. Leckrone established HSM Portfolio LLC to acquire certain
21 high-speed memory technology (now known as the Fast Logic Portfolio) from Thunderbird
22 Technologies Inc. in a non-cash transaction. The acquisition was finalized on June 19, 2007 and
23 was based on a revenue sharing formula pursuant to which Thunderbird would receive a
24 specified percentage of Fast Logic licensing proceeds after the payment of certain program
25 expenses. TPL guaranteed the performance of the payment of Thunderbird's percentage to
26 Thunderbird. The acquisition was followed immediately by the grant of an exclusive license to
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2 TPL by HSM Portfolio in exchange for the obligation to commercialize and a percentage of the
3 proceeds.

4 At the same time as the Fast Logic portfolio acquisition transaction, TPL engaged
5 Thunderbird on a consulting basis to continue its development of unrelated technology in return
6 for a right of first refusal with respect to the commercialization thereof. TPL made payments
7 under the Consulting Agreement totaling \$990,000. The right of first refusal was not exercised
8 by TPL when it matured based on TPL's evaluation of the commercial viability of a licensing
9 program based on the technology.

10 In March 2011, the parties agreed to modified terms of the commercialization
11 program for Fast Logic and then in April 2012 TPL and HSM entered in to an agreement with
12 Thunderbird pursuant to which Thunderbird received \$1,250,000 from TPL in exchange for the
13 agreement of Thunderbird to accept that amount as payment in full satisfaction of outstanding
14 unpaid royalties due Thunderbird, the reduction of Thunderbirds' entitlement to a share of future
15 Fast Logic proceeds from 35% to 17.5% and a forbearance agreement for 24 months. TPL has
16 received license revenue in excess of \$19 million from the Fast Logic Portfolio to date and
17 continues to earn revenues from it. No amounts are currently owed to Thunderbird. No
18 payments have been made by TPL to HSM Portfolio, nor does HSM Portfolio have a pre-petition
19 or administrative claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal
20 administrative expenses per year on HSM's behalf for entity maintenance and tax preparation
21 pursuant to the TPL-HSM Commercialization Agreement. There have been significant expenses
22 in the prosecution of the Portfolio as well as in support of the litigation discussed in Section II.B
23 above; however, the investments made to date are expected to pay off in revenues over the next 5
24 years and TPL believes it is in the best interests of the estate to assume the TPL-HSM
25 Commercialization Agreement. If TPL's Plan is confirmed, HSM Portfolio has agreed to accrue
26 any amounts that become owing to it under the Commercialization Agreement until such time as
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2 Class 6 has been paid in full, provided the Commercialization Agreement is not breached in any
3 other manner, which includes TPL continuing to prosecute and maintain the patents as well as to
4 continue to pay the nominal expenses related to entity maintenance and tax preparation. In
5 addition, HSM requires interest to accrue on any unpaid balance at 3% per year.

6 d. Chip Scale – Wafer-Level Packaging Portfolio LLC – Schott

7 In March 2008, Mr. Leckrone established Wafer-Level Packaging Portfolio LLC
8 ("WLP") to acquire certain semiconductor packaging technology now known as the Chip Scale
9 Portfolio from a subsidiary of Schott AG. The acquisition was finalized in July 2008 and is
10 based on a revenue-sharing formula pursuant to which Schott would receive \$495,000 plus a
11 percentage of the Chip Scale licensing proceeds after the payment of certain program expenses.
12 The acquisition was followed immediately by the grant of an exclusive license to TPL by WLP
13 Portfolio in exchange for the obligation to commercialize and a percentage of the proceeds.

14 The \$495,000 owed to Schott was not paid until July 2010, and was paid by TPL
15 to ensure TPL retained its rights to license the Portfolio.

16 TPL incurred expenses in connection with the prosecution of the Chip Scale
17 patents acquired from Schott AG, and a dispute arose regarding the payment of fees to the law
18 firm of Blumbach-Zinngrebe totaling approximately \$200,000 which is the basis for the
19 scheduling of the firm as a TPL creditor. It is the position of TPL that all amounts paid to the
20 firm by TPL will be recoverable as program-related expenses under the terms of the revenue-
21 sharing formula. TPL has earned approximately \$600,000 in licensing revenue from the Schott
22 Patents to date, but does not believe it has sufficient near-term revenue producing prospects to
23 warrant the continued investment by TPL and therefore should be rejected. No payments have
24 been made by TPL to WLP Portfolio, nor does WLP Portfolio have a pre-petition or
25 administrative claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal
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2 administrative expenses per year on WLP's behalf related to entity maintenance and tax
3 preparation pursuant to the TPL-WLP Commercialization Agreement.

4 TPL also incurred expenses in conjunction with the commercialization of another
5 set of Wafer-Level Packaging patents that were a part of the Chip Scale Portfolio which were
6 owned by a company of the same name, Chipscale, Inc. Mr. Leckrone acquired Chipscale, Inc.
7 in December 2007 and, concurrently with the transaction, Chipscale, Inc. entered into a
8 Commercialization Agreement with TPL in which TPL was granted an exclusive license to
9 license the portfolio in exchange for a percentage of the proceeds from the commercialization
10 program. Prior to the completion of the acquisition, TPL engaged Chipscale, Inc. (and primarily
11 its principals, Phil Marcoux and Wendell Sander) on a consulting basis to develop a business
12 plan for the commercialization of the Chipscale patents. Mr. Leckrone made a total of \$447,667
13 in payments to the Chipscale shareholders for the acquisition purchase price during 2008 and
14 January 2009, which payments were made directly by TPL to those former shareholders and
15 were accounted as distributions to Mr. Leckrone for financial accounting and tax purposes.
16 These distributions did not occur at a time when TPL was insolvent. TPL earned approximately
17 \$1.3 million in revenue from the Chipscale patents and made no payments to Chipscale Inc.
18 under the Commercialization Agreement. The payment of the purchase price was scheduled to
19 occur in installments and subsequently renegotiated. Thereafter and following his departure
20 from TPL as an employee, Mr. Marcoux, as the shareholder representative of the former
21 Chipscale shareholders, attempted to conduct a foreclosure sale of the patents and filed
22 documents with the USPTO claiming that the purported sale had been successful in terminating
23 TPL's rights to license the Chip Scale Portfolio. Mr. Marcoux also wrote several letters to
24 existing TPL customers alleging that TPL did not have the rights to license the Chip Scale
25 Portfolio (which contains a significant number of patents from the Schott transaction as well as
26 the patents owned by Chipscale Inc.) and accused TPL of fraud. In December 2009, TPL filed
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2 suit against Mr. Marcoux and Mr. Marcoux responded with litigation naming seven different
3 parties, including TPL and Mr. Leckrone. The resulting litigation was resolved by the May 25,
4 2012 agreement pursuant to which TPL, Mr. Leckrone and the other cross-defendants agreed to
5 pay Mr. Marcoux a total of \$753,000 over a two-year period, and assign their interests in the
6 original patents owned by the Chipscale entity to Mr. Marcoux in exchange for an immediate
7 cessation of any contact with TPL's customers and an agreement not to use TPL's name or its
8 trademarks in any way. The payments of the settlement amount have been made by all cross-
9 defendants in proportion to an agreed-upon allocation. The total remaining to be paid is
10 \$325,000 and that is the basis for scheduling Mr. Marcoux as a creditor of TPL. TPL will
11 assume the Marcoux Settlement Agreement to ensure the ongoing benefits to it of the
12 requirement that Mr. Marcoux refrain from disparaging TPL and contacting TPL's customers.

13 e. Audition – SWAT/ACR Portfolio LLC

14 In October of 2007, Mr. Leckrone established SWAT/ACR Portfolio LLC
15 (“SWAT/ACR”) to acquire and/or develop certain technology related to human hearing. Several
16 acquisitions and development projects were pursued in conjunction with the grant of an
17 exclusive license to TPL by SWAT/ACT in exchange for the obligation to commercialize and a
18 percentage of the proceeds.

19 The SWAT/ACR patents will require time and expense to maintain and prosecute
20 and there is no near-term revenue forecasted for the Portfolio. TPL has not received any
21 licensing revenue from the SWAT/ACR Portfolio to date, and does not believe it has sufficient
22 near-term revenue producing prospects to warrant the continued investment by TPL and
23 therefore should be rejected. No payments have been made by TPL to SWAT/ACR, nor has
24 SWAT/ACR made a claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal
25 administrative expenses per year on SWAT/ACR's behalf related to entity maintenance and tax
26 preparation pursuant to the TPL-SWAT/ACR Commercialization Agreement.

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2 f. Clear Cube – Multipath Portfolio LLC

3 Mr. Leckrone established Multipath Portfolio LLC (“Multipath”) to acquire
4 certain technology now known as “STRATA” from a subsidiary of Clear Cube Technology
5 Corporation (“ClearCube”). The acquisition was finalized in September 2011 based on a
6 revenue-sharing formula pursuant to which ClearCube would receive a percentage of STRATA
7 licensing proceeds after the payment of certain program expenses. The acquisition was followed
8 immediately by the grant of an exclusive license to TPL by Multipath in exchange for the
9 obligation to commercialize and a percentage of the proceeds.

10 The STRATA Portfolio includes patents related to virtual desktop, unified
11 interface, and remote-computing technologies, and are embodied in zero-clients, PC-over-IP
12 Products, and video display monitors. The benefit of this technology is that it reduces the
13 number of cables required to integrate a system.

14 TPL intends to reject the Clear Cube Portfolio Commercialization Agreement,
15 however, because it has yet to generate any revenue and is currently the subject of reexamination
16 proceedings rendering the likelihood of revenue being generated within the near term at this
17 stage of the Portfolio's monetization program unlikely. The costs to maintain this program will
18 exceed the likely revenue over the next two years. No payments have been made by TPL to
19 Multipath, nor has Multipath made a claim against TPL in the Chapter 11 proceeding. TPL has
20 incurred nominal administrative expenses per year on Multipath’s behalf related to entity
21 maintenance and tax preparation pursuant to the Commercialization Agreement.

22 g. Silicon Pipe – Interconnect Portfolio LLC

23 In March of 2008, Mr. Leckrone established Interconnect Portfolio LLC
24 (“Interconnect”) to acquire certain technology now known as “Silicon Pipe” from Novias LLC.
25 The acquisition was finalized shortly thereafter based on a revenue-sharing formula pursuant to
26 which Novias would receive a percentage of Silicon Pipe licensing proceeds after the payment of
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2 certain program expenses. The acquisition was followed immediately by the grant of an
3 exclusive license to TPL by Interconnect in exchange for the obligation to commercialize and a
4 percentage of the proceeds.

5 The Silicon Pipe Portfolio included high-speed data transfer technology and the
6 major portion of the Portfolio was sold to Samsung in June 2009. Novias was paid its portion but
7 the amount owing to Interconnect was not paid by TPL and forms the basis of Interconnect's
8 claim against TPL for \$1,387,375. The remaining patent has little or no known near-term
9 revenue prospect and, accordingly, the TPL-Interconnect Commercialization Agreement will be
10 rejected. No payments have been made by TPL to Interconnect, although TPL has incurred
11 nominal administrative expenses per year on Interconnect's behalf related to entity maintenance
12 and tax preparation pursuant to the TPL-Interconnect Commercialization Agreement.

13 h. eCommer\$e – Online Security Portfolio LLC

14 In October of 2008, Mr. Leckrone established Online Security Portfolio LLC
15 (“Online Security”) to acquire certain technology now known as “eCommer\$e” from James Kuo,
16 an individual. The acquisition by Online Security was finalized shortly thereafter in a non-cash
17 transaction based on a revenue-sharing formula pursuant to which Mr. Kuo would receive a
18 percentage of eCommer\$e licensing proceeds after the payment of certain program expenses.
19 The acquisition was followed immediately by the grant of an exclusive license to TPL by Online
20 Security in exchange for the obligation to commercialize and a percentage of the proceeds.

21 The Online Security patents will require time and expense to maintain and
22 prosecute and there is no near-term revenue forecasted for the Portfolio. TPL has not received
23 any licensing revenue from the Online Security Portfolio to date, and does not believe it has
24 sufficient near-term revenue producing prospects to warrant the continued investment by TPL
25 and therefore should be rejected. No payments have been made by TPL to Online Security, nor
26 has Online Security made a claim against TPL in the Chapter 11 proceeding. TPL has incurred
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2 nominal administrative expenses per year on Online Security's behalf related to entity
3 maintenance and tax preparation pursuant to the TPL-Online Security Commercialization
4 Agreement.

5 4. Dormant Relationships.

6 During 2000, TPL began a series of negotiations with individuals and entities
7 which became involved with a group of patents related to human hearing and which gave rise to
8 litigation and eventually several agreements including commercialization agreements involving
9 Audio Technology Partners LLC ("AudTek"), The Peerless Hearing Aid Company ("PHAC"),
10 SyberSay Communications Corporation and some of the principles of these entities. Continued
11 litigation and a variety of other factors resulted in the activities being unsuccessful, put on hold,
12 and remaining dormant for at least the last 10 years during which time the patents as well as the
13 rights of the parties expired by virtue of various statutes of limitations and patent life limitations.
14 Accordingly, TPL believes the agreements should be rejected.

15 B. Service Agreements Relating to Commercialization

16 TPL is a party to the Amended Service Agreement with Alliacense relating to the
17 commercialization of various TPL Portfolios.

18 1. Amended Services Agreement with Alliacense Limited LLC. Alliacense has
19 provided essential Program Management services for TPL since its inception in 2005, and added
20 Litigation Support services and Patent Support and Maintenance services to its offerings shortly
21 thereafter. Alliacense has over 30 employees covering the various disciplines required to
22 successfully commercialize intellectual property portfolios including engineering, marketing,
23 sales, reverse-engineering, contract drafting & negotiations, financial analysis, database
24 management & archiving, and patent prosecution. TPL's ability to outsource to one entity the
25 various functions required to operate multi-million dollar licensing Programs greatly enhances
26 the value of each patent portfolio TPL manages and at a cost and quality level significantly better
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2 than if TPL had to contract out to multiple vendors each of the various functions required to
3 successfully run Programs. Law firms, for example, do not have in-house reverse engineering or
4 engineering analysis services. Law firms also only direct their efforts to a single or small group
5 of defendants. Alliacense directs its efforts towards the entire prospective licensee base (ie, all
6 infringing companies, which can hundreds) at once.

7 The bulk of the services provided by Alliacense are for Program Management, which
8 includes all the services necessary to execute a successful licensing program, including business
9 analysis and marketing, communications with prospective licensees, technical research and
10 analysis, reverse engineering of potentially infringing products to determine infringement and
11 sales. Alliacense performs these services for all TPL commercialization programs on a
12 contingency fee basis of 15% of the license fee, which is due only upon recovery. The 15%
13 charged by Alliacense is 5% below what PDS, Alliacense's other main customer, pays
14 Alliacense for similar services provided to PDS with respect to the MMP Licensing Program.
15 The PDS/Alliacense agreement was negotiated after Patriot indicated they did their own
16 investigation of other licensing firms and the competitive landscape of what these services
17 provided by Alliacense would cost. It was determined that even the 20% fee was below the
18 market rates and thus PDS entered into the Services Agreement with Alliacense. In the case of
19 TPL's agreement with Alliacense, TPL has benefited from a substantially better deal than PDS
20 has for similar services. In addition to TPL paying significantly less for similar services, TPL
21 also does not pay the \$500K quarterly advances to Alliacense which is a component of the
22 PDS/Alliacense Services Agreement.

23 Since Alliacense took over the Program Management of TPL Portfolios, it has generated
24 over \$340 million from licensing the various portfolios for their owners and partners, which has
25 all been related to licensing efforts. Licensing efforts prior to Alliacense managing the TPL
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2 Portfolios generated less than \$30 million, while damages awarded from litigation have resulted
3 in less than \$1,000,000.

4 The Litigation Support services and Patent Support and Maintenance services are also
5 essential services provided under the Services Agreement. These services are billed hourly and
6 on an as-needed basis. Since much of the Patent Office work is unpredictable, forecasting costs
7 related to the work that is needed in this area is difficult. However, if these services were not
8 provided by Alliacense, TPL would need to hire outside law firms to do this work, which
9 routinely charge higher per hour fees. In addition, Alliacense's level of technical knowledge and
10 expertise related to the patents has come from years of work with the various portfolios and
11 transitioning to a new provider for these services at this point in time would be commercially
12 unreasonable. Such a change would increase costs significantly due to the need of a new
13 provider to review and understand all the historical Patent Office work.

14 TPL believes there is significant economic benefit to the Services Agreement with
15 Alliacense because it provides cost-savings versus other market offerings. However, assumption
16 of the Agreement would result in administrative damages and thus TPL believes the best course
17 is to allow the Agreement to "pass through" the bankruptcy, which means it will remain in effect
18 without modification. Alliacense has agreed that TPL's position of not assuming the agreement
19 will not trigger an immediate termination by Alliacense of the agreement or a demand to
20 renegotiate the payment structure of the agreement at market rates at this time, TPL has
21 requested that Alliacense further agree that damages resulting from an action to recover sums
22 from Alliacense, successful or otherwise, shall be treated as a pre-petition Class 6 general
23 unsecured claim, subject to further order of the Bankruptcy Court following action by the
24 Creditors' Trust Trustee, if any, to subordinate such claim. If Alliacense fails by Confirmation to
25 agree in writing consent to the treatment set forth in paragraph 5.04 of the Plan, then the
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2 Alliacense Services Contract shall be immediately rejected under Section 365 of the Bankruptcy
3 Code without further notice or hearing after Confirmation.

4 2. History of the TPL-Alliacense Amended Services Agreement. The 2012
5 Agreement amends the first written Services Agreement between the parties from 2007.
6 Alliacense was formed in 2005 to market the MMP Portfolio and worked on a time and expense
7 basis until late 2006 when the time and expense formula became unwieldy due to the magnitude
8 of litigation support and reexamination work necessary to support the MMP Portfolio and also
9 did not compensate Alliacense sufficiently for the sales and marketing services it had
10 undertaken. As TPL began the commercialization of other Portfolios, Alliacense took over the
11 development of the licensing portion of TPL's respective Commercialization Programs, and in
12 2007 the first written TPL-Alliacense Services Agreement was drafted but never refined beyond
13 the preliminary draft stage which proposed a "15% of gross" fee for marketing and sales
14 ("M&S") activity conducted by Alliacense, plus expense reimbursement. The written agreement
15 failed to document the litigation support services and patent support and maintenance services,
16 although those services continued to be requested by TPL and provided by Alliacense. As
17 licensing revenue declined dramatically during 2008 and continued to decline year after year
18 correspondingly reducing Alliacense revenue, the Litigation/Reexamination support work
19 increased significantly and TPL began making cash advances to Alliacense to cover its operating
20 expenses (primarily headcount expenses) which were booked initially as distributions to Mr.
21 Leckrone (TPL's sole owner) with a corresponding contribution from his to Alliacense, and later
22 as intercompany receivables.

23 Over the course of the next several years, the operation of the MMP Program became
24 immensely unprofitable for both TPL and Alliacense giving rise to ever more serious
25 disagreements and controversies between Patriot, PDS, TPL, and Alliacense. The process of
26 resolving these disputes began in the form of: (1) a Patriot/TPL Settlement Agreement late in
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2 2011; and, (2) an Alliacense proposal for completely new and fundamentally different
3 compensation plans for running the MMP Licensing Program and providing litigation support for
4 the MMP Portfolio litigation in February/March of 2012. These resulted in a set of Agreements
5 involving all of the parties in July of 2012 which incorporated the Alliacense compensation
6 proposals as well as accommodated the requirement of PDS that the PDS/TPL
7 Commercialization Agreement from 2005 be amended to revoke TPL's exclusive right to license
8 the MMP Portfolio and that PDS be permitted to select a new licensing vendor. The
9 development and review of the Alliacense proposals for the MMP Program in February/March of
10 2012 provided the impetus for likewise replacing the then-existing TPL-Alliacense Service
11 Agreement for other Licensing Programs.

12 The TPL-Alliacense Amended Services Agreement was executed by Mr. Leckrone on
13 behalf of both entities on March 19, 2012, launching the process of completing the various
14 Exhibits as well as thoroughly reviewing the Litigation Support services and Prosecution and
15 Maintenance services that had been provided by Alliacense to ensure accuracy of the offset
16 provided in the Agreement.

17 Upon review, the advances made by TPL to Alliacense from 2006 to 2012 totaled
18 approximately \$15 million; in addition, the hourly time and expense calculation for the
19 Alliacense Litigation Support services and Prosecution and Maintenance services totaled \$16.3
20 million for that period. The amounts differ from what is in the Amended Services Agreement
21 because the Agreement was entered into based upon estimates of those numbers. Therefore, the
22 actual numbers derived from the thorough accounting were used in making the actual offset of
23 the receivable from Alliacense with the payable to Alliacense for services provided in the
24 financials of both companies in June of 2012 that was required by the March 2012 agreement.
25 The hourly time calculation was determined using historical, real-time time recordings of
26 Alliacense personnel, which were then invoiced to TPL in June 2012.

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2 C. Incentive Compensation Agreements

3 TPL is a party to incentive compensation arrangements with current and former
4 employees and consultants. In June 2004 TPL closed the first licensing transaction involving the
5 MMP Portfolio. TPL then began planning and executing a major licensing program for the
6 MMP Portfolio which would require the assembly of a host of resources including a team of
7 senior Licensing Executives which resulted in the recruitment of two such individuals with
8 broad-based experience in the licensing business (Mac Leckrone and Mike Davis) who joined
9 TPL as consultants in the third quarter of 2004 under compensation packages that paid below-
10 market salaries but included a percentage of TPL licensing revenue as an incentive in lieu of
11 other common compensation elements in Silicon Valley such as stock options. Incentive
12 compensation arrangements were also made with Nick Antonopoulos, TPL's former Senior Vice
13 President of Business Development, Dwayne Hannah, TPL's Chief Financial Officer ~~and~~, Janet
14 Neal, TPL's Senior Vice President of International Administration and Robert Neilson, a former
15 consultant of TPL. Mac Leckrone and Mike Davis became Alliacense employees in early 2007,
16 but their percentage incentive agreements were not assigned to Alliacense, and they remain TPL
17 obligations. Their agreements with TPL were finalized at the time they became TPL consultants,
18 and documented in incomplete consulting agreements which were not signed due to
19 administrative oversight. TPL made initial payments to Mac Leckrone and Mike Davis under
20 their agreements in 2006, but has not made any payments to them since. The agreement with
21 Dwayne Hannah, TPL's CFO, was not documented due to administrative oversight. TPL has not
22 made any payments to Dwayne Hannah pursuant to his incentive compensation agreement. TPL
23 has not made payments to Mr. Antonopoulos, Robert Neilson or Janet Neal with respect to their
24 agreements since 2008. All incentive compensation agreements are rejected under the Plan-
25 (although Mr. Neilson's agreement terminated shortly after his departure from the company
26 several years ago). The parties will have claims for past unpaid amounts (which they have filed

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2 individually) and claims for breach in the Bankruptcy Case with an unknown amount of damages
3 claimed.

4 E. Business Vendors

5 Under the Plan TPL will assume and reject various other agreements as follows:

6 Agreement	Party	Assume/Reject
7 Equipment Lease Agreement (copiers)	GE Capital Corporation	Assume
8 Fidelity Investments Retirement Plan Service Agreement for 401k Administration	Fidelity Management Trust Company	Assume
9 Customer Service Agreement establishing the co-employment relationship and administration of payroll and benefits	TriNet Acquisition Corporation	Assume

11 If TPL were to reject the Equipment Lease with GE Capital, it would be liable for the
12 remainder of the lease payments and would lose the ability to use the equipment, which currently
13 is in active use. TPL is current with payments under the lease, and therefore there are no
14 administrative expenses related to assumption. For these reasons, TPL plans to assume the lease
15 with GE Capital.

16 The agreement with Fidelity is for the administration of a 401k Plan. TPL believes
17 offering employees a 401k Plan is an important benefit, while the cost of administration paid by
18 TPL to Fidelity is under \$1000 per quarter. Accordingly, TPL plans to assume the agreement
19 with Fidelity.

20 TriNet is a professional employer organization (“PEO”) which is a co-employer with
21 TPL of its employees and administers all payroll and benefits for TPL employees. The monthly
22 cost is approximately \$2,000. TPL would have to expand its current headcount to cover the
23 work done by TriNet if the TriNet agreement were rejected. TPL believes it is more economical
24 to continue to have TriNet provide these services and so intends to assume this agreement. In
25 addition, small companies benefit immensely by leveraging the significant number of employees
26 that are part of the PEO in shopping for benefits, which reduces costs for small companies like
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2 TPL. Thus TPL would likely incur higher health benefit costs without the TriNet agreement.
3 There are no past due amounts currently owing under the TriNet agreement and thus no
4 administrative claim, and TriNet did not file a claim in the Chapter 11 proceeding.

5 VII. ALTERNATIVES TO THE PLAN.

6 A. General

7 TPL believes that the Plan provides creditors with the greatest value that can likely be
8 obtained on their respective claims. The alternative to confirmation of the Plan is liquidation of
9 the Estate under Chapter 7 of the Bankruptcy Code.

10 B. Best Interest of Creditors

11 The “best interest” test of Bankruptcy Code Section 1129(a)(7)(A)(ii) requires that a plan
12 provide to each dissenting member of each impaired class a recovery that has a present value at
13 least equal to the present value of the distribution that unsecured creditors would receive if the
14 bankruptcy estate were liquidated under Chapter 7 of the Bankruptcy Code.

15 C. Liquidation under Chapter 7

16 When a Chapter 11 case is converted to a case under Chapter 7 of the Bankruptcy Code, a
17 Chapter 7 trustee is appointed to conduct the affairs of the estate. In applying the liquidation test
18 of Bankruptcy Code Section 1129(a)(7)(A)(ii), the Bankruptcy Court must consider not only the
19 accrued expenses of administration from the Chapter 11, but the Chapter 7 trustee’s fees and
20 expenses, and the fees and expenses of professionals likely to be retained by that trustee.

21 Generally, no distribution is made in a Chapter 7 case until all assets of the Bankruptcy Estate
22 and all claims have been liquidated, a process that can often take many months and sometimes
23 years. Most importantly, a Chapter 7 trustee does not operate the business over which or she
24 takes control except in very rare circumstances.

25 TPL’s most valuable assets are its commercialization rights in the various patent
26 portfolios pursuant to which it generates revenue, as well as its 50% ownership in the PDS Joint
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2 Venture.

3 TPL contends that a Chapter 7 trustee would not be able to generate revenue from the
4 commercialization agreements for the following reasons: first, the commercialization agreements
5 are exclusive patent licenses, and thus cannot be assumed in bankruptcy without the licensor's
6 permission. TPL does not believe a trustee would be able to obtain the requisite permission and
7 that such permission cannot be compelled, even if such parties are related parties. Second, even
8 if one or more licensors were to grant such permission, it is unlikely that a Chapter 7 trustee
9 could assume the agreements in any case, for a trustee would not be able to represent that he or
10 she could perform under the agreements by commercializing the portfolios. Those programs
11 require a high level of technical knowledge, expertise and resources which have been developed
12 by TPL and Alliacense over the last seven years. Third, TPL's and therefore a trustee's ability to
13 either pursue infringement claims or continue the necessary patent prosecution work is
14 dependent upon the work product and continued services of Alliacense. The likelihood that
15 Alliacense would not cooperate with a Chapter 7 trustee on an interim basis in liquidation is
16 high, particularly if payments under the Amended Services Agreement are not being made.
17 Fourth, revenue generation from the patent portfolios also depends upon the continued
18 prosecution of the patent litigation. There is not a high likelihood that either Alliacense or the
19 patent-litigation counsel would agree to continue to work for a Chapter 7 trustee. Fifth, the
20 market would be well-informed of any Chapter 7. Potential licensees would have little reason to
21 buy licenses from a Chapter 7 trustee. The much greater likelihood is that infringers would
22 multiply and infringe for years before credible enforcement could ever be brought to bear, if
23 ever, to force settlements.

24 Without the revenue from the licensing programs for CORE Flash, Fast Logic or 3D Art,
25 a Chapter 7 trustee's distribution in this case would be limited to the proceeds from the PDS
26 distribution for TPL's ownership in MMP, selling TPL's minimal personal property and,
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2 possibly, from some smaller avoidance actions. That analysis follows.

3 D. Liquidation Analysis Applied

4 1. Assets.

5 All of the cash in the estate is subject to the liens of CCC, Mr. Venkidu and Mr.
6 Leckrone. Mr. Leckrone's security interest also extends to the personal property of the estate
7 that is not comprised of proceeds from the Patent Portfolios. This personal property, reflected on
8 the schedules, consists of a credit from the Mandarin Oriental Hotel for approximately \$26,000,
9 and various office and lab equipment and inventory, scheduled at \$44,500.

10 TPL owns a 50% interest in PDS, which has the exclusive right to license the MMP
11 Portfolio. This interest is also subject to the security interest held by Dan Leckrone. While a
12 Chapter 7 trustee might be able to assign an income interest in PDS, it is unlikely that under
13 Delaware law, anything more is assignable. It is unknown how much would be paid for a partial
14 interest in PDS. The PDS distributions to TPL, or the trustee in the case of a Chapter 7, have
15 value, although the value of the MMP Portfolio may be diminished by the Chapter 7 itself.
16 Because it is difficult to determine what impact, if any, a Chapter 7 liquidation would have on
17 the revenue prospects for MMP, this analysis will assume a marginal impact to what TPL
18 considers MMP's revenue prospects.

19 PDS licenses the MMP Portfolio and receives revenue from that effort, and may receive
20 additional jury awards like the one recently from HTC – although jury awards are far more
21 speculative and costly to obtain. Currently, revenues from MMP are paid to the contingency firm
22 handling litigation, Agility. The payment to Agility varies significantly depending on whether
23 the licensee is a defendant or not. PDS is also obligated to pay all vendors from MMP revenue,
24 including Alliacense for sales, marketing, litigation support and prosecution and maintenance,
25 and all vendors used in relation to litigation preparation including expert witnesses, document
26 production vendors, etc. PDS also pays MMP inventor Charles Moore a monthly consulting fee
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2 and advances payments to Patriot and Mr. Moore for their percentage share of returns pursuant to
3 the January 2013 Settlement Agreement . Finally, the remainder is split amongst TPL, Patriot
4 and Moore. While TPL's share of MMP revenue is approximately 26%, that number drops
5 below 10% historically after taking into account all PDS payables. In order for a trustee to pay
6 TPL creditors in full from MMP alone and assuming that the estimated share to TPL is accurate
7 over time, the MMP portfolio would have to generate approximately 2.7 times the revenue TPL
8 currently believes the MMP Portfolio will produce within the next six years. While TPL's
9 estimates may be conservative for MMP revenue in its forecast, TPL does not believe almost
10 three times that amount is realistic.

11 TPL also owns the "Sub-Wavelength Acoustic Technology" Portfolio. This Portfolio
12 does not have any near-term liquidation value.

13 The only other personal property owned by TPL that is not a lawsuit or right to a lawsuit
14 are various claims against PDS and Patriot. These companies, however, depend entirely on the
15 success of the MMP Licensing Program for their income. Without TPL and the Licensing
16 Program these companies may not have sufficient value to support any significant claim against
17 them.

18 TPL also holds causes of action against the Shareholders, Officers and Directors of
19 GreenArrays, Inc. for fraud, conversion and misappropriation of trade secrets being asserted in
20 the TPL/Brown "Roe" litigation. Given the complexity of the action, however, it is unlikely a
21 Chapter 7 trustee would pursue it or that the Defendants would settle quickly.

22 2. Avoidance Actions.

23 TPL's Statement of Affairs discloses payments to creditors as follows: the answer to
24 question 3b, regarding payments within 90 days to non-insiders, shows \$1,693,778.70 but
25 includes payments to secured creditor CCC. The answer to question 3c, regarding opaymments
26 to insider within a year, lists total payments to Alliacense of \$2,411,921.54 and of \$1,547,808.50
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2 to PDS. TPL is examining the extent to which all sums were paid within ordinary invoice terms
3 and, if not, the extent to which defenses to an avoidance action might exist under the Bankruptcy
4 Code.

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6 A Chapter 7 trustee (or if the Plan is confirmed, the Creditor Trust Trustee) would
7 examine the offset under the Amended Services Agreement pursuant to which TPL offset
8 approximately \$16.3 million of debt owed to Alliacense for unpaid services rendered with a \$15
9 million obligation owed to TPL by Alliacense. Alliacense does not have cash reserves, or
10 significant assets to sell. It is a service organization whose most valuable asset is its workforce.
11 More importantly, Alliacense time records for the relevant time period were maintained and TPL
12 believes that those records support the validity of the Alliacense claim and accordingly the
13 offset.

14 In addition, a Chapter 7 trustee would evaluate the claims TPL has against PDS and
15 Patriot, including the offset recently asserted by Patriot related to a contingency amount owing to
16 TPL by PDS from a license agreement entered into when TPL still managed the MMP Licensing
17 Program. PDS has refused to pay TPL \$225,000 for a contingency payment on a License that
18 was executed while TPL still managed the Licensing Program and claimed that the amount
19 owing is offset against some amount Patriot claims TPL owes to PDS. Patriot has not disputed
20 that the \$225,000 is owed under the agreement. TPL believes the offset asserted by Patriot is
21 subject to attack because it is done within 90 days of TPL's Chapter 11 filing and no value was
22 given in exchange.

23 A Chapter 7 trustee may evaluate salaries to insiders as well as the incentive
24 compensation arrangements; however, TPL salaries are within market ranges for similarly-
25 situated employees and no payments have been made with respect to the Incentive Compensation
26 agreements since 2008.

1
2 Other historical transactions discussed herein may also be evaluated by a Chapter 7
3 trustee.

4 3. Costs.

5 The costs of liquidation would include the expenses for administration of the estate such
6 as the disposition of the physical equipment of TPL, payment of professional fees for the Chapter
7 7 trustee, and payment of the administrative fees from the Chapter 11 case, including the fees for
8 the professionals retained by the Committee. As of September 2013, the total professional fees
9 in the Chapter 11 case, not including the fees of the patent-litigation attorneys, are estimated to
10 exceed \$1.7 million, of which \$1.2 million has not been paid. TPL has also incurred costs for
11 extensive litigation support and licensing services from Alliacense during the bankruptcy case
12 (which, among other things, has yielded a multi-million license for TPL); Alliacense's possible
13 claim for unpaid administrative claims is approximately \$400,000.

14 4. Claims: The deadline for filing proofs of claim in the case was July 23, 2013.
15 TPL's schedules reflect the following totals:

16 Secured: \$10,598,844

17 Priority: \$136,197

18 Unsecured: \$49,935,308, plus \$8,900,421 of non-priority employment claims

Chapter 11 Plan	Amounts	Chapter 7 Liquidation	Amounts
Projected Available Cash as of February 15, 2014	\$1,600,000	Projected Available Cash as of February 15, 2014	\$1,600,000
Projected Net Revenues For Distribution Under Plan (6 yrs)	\$38,000,000	Other Asset Net Value (6 yrs)	\$22,000,000
TOTAL CHAPTER 11 DISTRIBUTION	\$39,600,000	TOTAL CHAPTER 7 DISTRIBUTION	\$23,600,000
Secured Claims	<\$10,600,000>	Secured Claims	<\$10,600,000>
Projected Chapter 11 Administrative Claims	<\$1,600,000>	Projected Chapter 11 Administrative Claims	<\$1,600,000>

		Chapter 7 Administrative Claims	<\$200,000>
Chapter 11 Creditor Trust Trustee	<\$80,000>	Chapter 7 Trustee Fee	<\$80,000>
ASSETS AVAILABLE FOR DISTRIBUTION UNDER PLAN	\$27,320,000	ASSETS AVAILABLE FOR DISTRIBUTION UNDER PLAN	\$11,120,000
Unsecured Debt	\$20,700,000	Unsecured Debt	\$20,700,000
Investor Debt	\$38,200,000	Investor Debt	\$38,200,000
PERCENTAGE RECOVERY UNDER PLAN	100% of general unsecured, 20% of investor if accepted	PERCENTAGE RECOVERY IN CHAPTER 7	54% of general unsecured, 0% of investor if accepted

The Plan, projected to pay unsecured Allowed Claims 100% of the amount owed plus interest, provides for at least as much to each holder of an Allowed Claim as does the expected 0% recovery, administratively insolvent Chapter 7 liquidation alternative.

VIII. FEASIBILITY

D. General

The Bankruptcy Code requires as a condition to the Plan's confirmation that the Bankruptcy Court find that liquidation of TPL or the need for further reorganization is not likely to follow after confirmation.

E. Strategic Overview

TPL's management believes that TPL will be able to repay 100% of the allowed claims from secured and unsecured creditors within five years of Plan approval. TPL is currently engaged in monetizing several valuable patent portfolios through licensing and litigation, which when successful, will provide sufficient revenue to pay salaries, professionals and all undisputed secured and unsecured creditors. TPL's revenues have completely stagnated since the filing of the Chapter 11 Petition and were on a downward projector since 2010 (\$10.1million in 2012, \$11.3 million in 2011 and \$17.6 million in 2010); however, TPL believes that the litigation strategy it embarked upon in 2011 will be the impetus for revenues to increase significantly, and return to pre-2009 levels as several of the litigations reach pivotal points. We believe that the

1
2 recent stagnation is due largely to a “wait and see” approach being adopted by infringers who are
3 waiting to see if TPL emerges from Chapter 11. TPL’s management was concerned that this
4 would be a result of the Chapter 11 filing, and has worked diligently to file a Plan and Disclosure
5 Statement quickly. TPL believes that the negative impact to revenue of not having a confirmed
6 Plan will continue until a Plan has been confirmed and an Effective Date set. Delay caused by a
7 lengthy confirmation process not only increases actual costs related to professional fees, but
8 opportunity costs of lost revenue generation as we believe the “wait and see” approach will
9 continue to be utilized by infringers until TPL has emerged from Chapter 11 causing significant
10 delays in revenue generation until that time. Once TPL emerges from Chapter 11, however, we
11 believe we will continue to reap the benefits of the strategy we undertook in 2011 and revenues
12 will rebound and be sufficient to pay all creditors in full.

13 TPL’s revenue forecast is based upon (i) a review of prospective licensees, scope of
14 infringement and relevant revenue related to infringing products; and (ii) an evaluation of timing
15 of outcomes based on knowledge of historical references, including general factors like typical
16 time between offer, counteroffer and close, as well as specific factors, like historical dealings
17 with individual companies. TPL discounts the results to accommodate various uncertainties and
18 contingencies related to negotiation and litigation.

19 The focus for TPL going forward until 100% of the allowed claims have been paid will
20 be to focus its efforts on continuing to monetize TPL’s interest in MMP, CORE Flash, Fast
21 Logic and the 3D ART Patent Portfolios.

22 TPL will be reducing its annual operating budget to an amount not to exceed \$3 million
23 to cover employee salaries, overhead and litigation expenses related to the *Browns v. TPL* appeal
24 and the *TPL v. GreenArrays* “Roe” litigation. Not included in the \$3 million budget will be
25 litigation and licensing expenses paid to third parties such as Agility Law Firm, Simon Law
26 Firm, Bragalone Law Firm and Alliacense. The fees paid to these firms are primarily based on
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2 existing contingency agreements for a percentage of revenue, or adjusted revenue, plus some
3 hourly litigation support and patent prosecution fees paid to Alliacense. In addition to fees paid
4 to these third parties, there will be additional fees paid to support the litigation for expert
5 witnesses, document production and storage and trial expenses such as airfare, hotel and meals.
6 Expenses associated with patent prosecution will also be in addition to the \$3 million annual
7 operating budget.

8 Certain portfolios have revenue-sharing agreements with third party-inventors such as
9 Fast Logic (Thunderbird Technologies Incorporated) and 3D Art (Adrian Sfarti).

10 One of the aspects of TPL's business that makes it so attractive and potentially so
11 lucrative also can work in reverse. At this stage, TPL does not need to spend much additional
12 capital on fixed assets or on other variable costs to increase earnings and revenue, but the same
13 holds true in reverse. When sales begin to fall, it is hard for TPL to cut costs. The majority of
14 TPL's vendors are on a "contingency" fee basis, so TPL cannot readily alter its contingency fee
15 costs. TPL has reduced its headcount and other expenditures to a minimum. In addition, the
16 patent prosecution work is necessary to ensure the patents intended to produce income survive
17 validity attacks.

18 Licensing revenue is inherently "lumpy," or inconsistent. Because of this, certain
19 months, or many consecutive months, may generate low revenues. TPL has reduced costs to
20 enable to endure the low revenue months and proposes to maintain a working capital reserve of
21 \$1million to allow TPL to maximize each and every transaction, making the price of the license
22 what the market will pay, not what TPL needs to pay its expenses. This approach accommodates
23 the best way to maximize each license while returning maximum amounts to the creditors.

24 F. Assumptions Related to Forecasts.

25 The following discussion summarizes the key assumptions made in TPL's forecast:

26 1. Foundational Assumptions.

1
2 a. The forecast includes and is based upon estimates and predictions which
3 are realistic in terms of the known facts as well as conservative in an effort to avoid triggering
4 expectations regarding possibilities which may or may not become realities regardless of any
5 currently perceived likelihood.

6 b. The forecast is limited to revenue proceeds generated by the MMP, CORE
7 Flash, Fast Logic, and 3D ART Portfolios because they are the four TPL Portfolios which are
8 either currently producing revenue or are expected to do so in the near future.

9 c. The remedy sought by initiating Litigation in the ITC is the issuance of an
10 Exclusion Order which prohibits the Respondent from continuing to import infringing goods into
11 the United States to the detriment of a domestic industry. The remedy sought by initiating
12 litigation in a US District Court is the entry of a judgment against the Defendant ordering the
13 payment of damages as well as an injunction. When both courses are pursued in conjunction
14 with a well-executed and business-oriented licensing program, recalcitrant infringers are
15 incited to purchase a license which will entitle them to use the technology they have
16 incorporated in their products and eliminate their exposure.

17 d. Nothing either materially harmful or materially beneficial occurs during
18 the forecast period in conjunction with the TPL licensing and litigation programs planned with
19 respect to the four Portfolios discussed below.

20 e. All of the licensing and litigation programs will be impacted similarly
21 over the course of this forecast by the vagaries of economic conditions, legislative activity, and
22 judicial/administrative decisions related to the U.S. Patent System.

23 f. Each of the individual licensing and litigation programs will also be
24 impacted over the course of this forecast by events which specifically relate to its respective
25 portfolio patents and the proceedings and transactions in which they are involved, causing each
26 program in each portfolio to be impacted differently from time to time. Accordingly, the
27

1
2 forecasted revenue for each has been allocated and spread differently over the forecast period to
3 reflect the effect of portfolio-specific events which are planned elements of the
4 commercialization strategy being pursued for the specific portfolio.

5 2. MMP Assumptions.

6 a. As outlined in Section II.B, the MMP Portfolio is currently in litigation in:
7 (i) the ITC against over a dozen U.S. and non-U.S. corporations; (ii) the Northern District of
8 California against the same group of companies; and, (iii) the Northern District of California
9 against HTC.

10 b. The forecasts included as Exhibit B are based on the following MMP-
11 specific facts and assumptions:

12 The favorable outcome of the HTC litigation will influence infringers in a positive
13 direction toward licensing rather than litigating and the positive Markman from that litigation is
14 deemed determinative in cases that have not settled. Companies that are not Respondents in the
15 ITC or Defendants in the Northern District are also incented to purchase licenses. Additional
16 waves of litigation are filed, likely in excess of 30 companies, but no parallel ITC case is filed
17 because an Exclusive Order (exclusive remedy in the ITC) would be nearly moot by the
18 expiration of the patents. The forecast assumes that costs related to any subsequent litigation
19 effort remain approximately the same, the most significant of which is the litigation counsel
20 contingency arrangement. The Markman ruling from the NorCal Case is deemed determinative
21 in these additional rounds of litigation. TPL's forecast assumes half of the remaining MMP
22 revenue comes from litigants, while half is from non-litigants. Because of the different
23 contingency percentage related to litigants versus non-litigants, TPL's forecast predicts
24 approximately twice the amount of revenue coming from PDS to TPL will be from non-litigants.

25 Another material assumption TPL made with respect to the MMP revenue
26 included in the forecast is that PDS will continue to be have the rights to license the MMP
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1
2 Portfolio. The Disclosure Statement details the history of the MMP Portfolio as well as the joint
3 venture relationship between Patriot Scientific and TPL and the nature of the rights of PDS with
4 respect to licensing the Portfolio and of TPL with respect to litigation enforcement. If PDS is
5 dissolved, then TPL and Patriot Scientific would each have the right to license the portfolio
6 unless a different agreement were reached, and that could negatively impact TPL's revenues
7 from the MMP Portfolio. In addition, there has been a history of litigation between Patriot and
8 TPL, and if that begins again, it may negatively impact the portfolio revenues. Another material
9 assumption we made with respect to MMP revenue is that Alliacense will continue to provide
10 program management services to PDS under the terms of the existing services agreement
11 between PDS and Alliacense. If Alliacense stops providing the services currently provided, or
12 required a significant change in the terms of the existing agreement, TPL's MMP revenues
13 could be significantly affected.

14 3. CORE Flash Assumptions.

15 a. As outlined in Section II.B, the CORE Flash Portfolio has been involved
16 in litigation in two separate ITC actions against over two dozen U.S. and non-U.S. corporations,
17 and is in litigation in the Eastern District of Texas against the same companies.

18 b. The forecasts included as Exhibit B are based on the following CORE
19 Flash-specific facts and assumptions:

20 The favorable outcome in the ITC in September will incent several Respondents
21 and non-litigants to purchase licenses during the fourth quarter of 2013 and the first quarter of
22 2014. The stays in the remaining District Court Cases will be lifted in 2014 and the District
23 Court litigation will proceed. Those cases are resolved prior to the entry of a final judgment and
24 no further litigation is anticipated if storage devices and technology migrate away from flash
25 memory. While the forecast assumes licenses from litigants generate more revenue, the costs
26 associated with that revenue are also higher.

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2 The most significant assumptions behind the CORE Flash revenue in the
3 forecast, however, are that TPL retains its exclusive right to license and enforce the CORE
4 Flash Portfolio, there are no successful attacks on validity of any asserted patent and Mr.
5 Venkidu does not foreclose on his security interest in the patents, which are not owned by
6 TPL. Another significant assumption is that Alliacense continues to provide Program
7 Management Services on the terms in the TPL-Alliacense Services Agreement.

8 4. Fast Logic Assumptions.

9 a. As outlined in Section II.B., the Fast Logic Portfolio is currently in
10 litigation in Federal District Court in Delaware against over a dozen U.S. and non-U.S.
11 corporations to recover damages for infringement beginning as early as 2006, but there is no
12 corresponding ITC action because the Fast Logic patents have either expired or will prior to the
13 time an Exclusion Order could be entered rendering the proceeding moot.

14 b. The forecasts included as Exhibit B are based on the following Fast Logic-
15 specific facts and assumptions:

16 The Delaware District Court Case is not scheduled to go to trial until 2015 and
17 will be resolved prior to the entry of a final judgment with the Defendants purchasing Fast Logic
18 licenses having an aggregate higher than that of licenses purchased by non-litigants. The costs
19 related to non-litigant licenses, however, are lower and therefore yield a better return. The
20 pursuit of additional Fast Logic litigation does not prove to be warranted in light of the
21 expiration of the Fast Logic patents, the high cost of discovery, and the limited exposure of
22 system vendors based on the purchase of Fast Logic licenses by their chip suppliers. TPL's
23 forecast for revenue from Fast Logic assumes no revenue after 2016.

24 In addition, as with CORE Flash, TPL has assumed it continues to have the right
25 to license the Portfolio, there are no successful attacks on validity of any asserted patent and
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2 Alliacense continues to provide Program Management Services on the terms in the TPL-
3 Alliacense Services Agreement.

4 5. 3D ART Assumptions.

5 As outlined above, the commercialization of 3D Art including the parallel
6 implementation of a Licensing Program and a Litigation Program is in its early stages but nearly
7 ready to launch. As with CORE Flash and Fast Logic, TPL has assumed for its forecast that it
8 continues to have the right to license the 3D ART Portfolio, that there are no successful attacks
9 on validity of any asserted patent and that Alliacense continues to provide Program Management
10 Services on the terms in the TPL-Alliacense Services Agreement.

11 In addition, TPL assumes that a contingency attorney will be engaged to begin
12 litigation on the 3D ART Portfolio, but that the contingency attorney will be engaged at a higher
13 rate than that which current contingency attorneys are engaged due to changing market factors.
14 TPL has assumed that revenues from 3D ART come from 2016 and later given it is a relatively
15 new product offering.

16 6. Certain Cost Assumptions.

17 As stated above, revenue generation is dependent upon the services of
18 Alliacense and TPL's forecast assumes Alliacense will continue to provide services on the
19 terms of the Amended Services Agreement. It is also assumed that historical averages for
20 Prosecution and Maintenance can be used to predict future costs, that patent maintenance fees
21 do not materially change and that no portfolio identified above goes through significant
22 reexamination activity at the USPTO. With respect to employee-related expenses, it is
23 assumed that current employees will continue to work at their current salaries and that the cost
24 of providing benefits to employees does not increase significantly. It is also assumed that
25 Alliacense continues to permit TPL to occupy a portion of its existing facility in exchange for a
26 proportionate payment of the expenses related thereto.

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2 D. Other Considerations

3 1. Accounting Basis.

4 The Forecast utilizes the Accrual Method of Accounting, wherein all Revenues
5 are reported as when earned and all Costs are shown as when incurred. For EBIDTA (Earnings
6 Before Interest, Depreciation, Taxes, and Amortization) we assumed that all amounts were
7 received or paid during the current quarters or years of operation shown. We assumed a
8 variable percent for income tax on profits for calculating Net Income based on the timing of
9 payments to creditors whose payments will be currently tax deductible (versus certain
10 payments to creditors which were deducted when expensed). The assumed income tax rate is
11 from 22% in the earlier years of the forecast to 48% in the later years.

12 The Quarterly Payments per the Forecast for 2014-2019 are estimated to total
13 \$37.5 million: \$6.5 million in 2014, \$9.8 million in 2015, \$6.9 million in 2016, \$5.9 million in
14 2017, \$5.2 million in 2018 and \$3.2 million in 2019 respectively. Note that this represents the
15 planned distribution to Creditors.

16 2. Risks.

17 It is important to understand that TPL may not be making the right assumptions
18 to accurately predict future revenues and expenses. In addition, unforeseen variables may
19 significantly impact the forecast causing actual financial results to differ materially. Revenues
20 are difficult to predict for many reasons: litigation outcomes are inherently unpredictable due
21 to judicial discretion and jury inconsistency; outcomes from reexaminations at the USPTO are
22 difficult to predict because there is no pre-determined timeframe for resolution and examiners
23 can differ in their evaluation based on the same facts; it is difficult to predict market changes
24 with respect to products utilizing the technologies; as well as a number of other factors. For
25 example, if an asserted patent is found invalid, revenue possibilities for an entire portfolio may
26 change dramatically. Similarly, a successful reexamination of a patent can increase the

1
2 revenue possibilities for an entire portfolio significantly. TPL's expenses can also be difficult
3 to predict. While certain expense items are relatively controllable and foreseeable, like costs
4 related to employees, others are not, like costs to defend multiple reexamination attacks on a
5 certain critical patent. Reexaminations of patents are typically initiated by infringing
6 companies to delay the ultimate requirement of purchasing a license, or avoid it altogether.

7 This process can be very lengthy and expensive and is hard to predict because it is based on the
8 actions of other companies. In sum, the licensing business is inherently difficult to predict and
9 the assumptions used to prepare the forecast, as well as the forecast itself, should be considered
10 with these risks in mind.

11 IX. DISCLOSURE OF POST-CONFIRMATION MANAGEMENT

12 TPL will employ the same management with the same compensation after Confirmation
13 that are currently employed: Daniel Leckrone, Manager and Chairman; Dwayne Hannah, Chief
14 Financial Officer; Susan Anhalt, Senior Vice President, Law; and Janet Neal, Senior Vice
15 President, Administration. Job descriptions and qualifications, with annual salaries, are attached
16 hereto as Exhibit C.

17 X. FEDERAL INCOME TAX CONSEQUENCES OF PLAN FOR CREDITORS

18 Implementation of the Plan may result in federal income tax consequences to creditors.
19 Tax consequences to a particular creditor may depend on the particular circumstances or facts
20 regarding the claim of the creditor. No tax opinion has been sought or will be obtained with
21 respect to any tax consequences of the Plan, and the following disclosure does not constitute and
22 is not intended to constitute either a tax opinion or tax advice to any person. Rather, the
23 following disclosure is provided for informational purposes only.

24 The federal tax consequences of the Plan to a hypothetical creditor typical of the holders
25 of claims or interests in this case depend to a large degree on the accounting method adopted by
26 that hypothetical creditor. A "hypothetical creditor" in this case is defined as a general
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1
2 unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the
3 accrual method and who has posted its original sale to TPL as income at the time of the product
4 sold or the service provided hypothetically should adjust any net operating loss to reflect the
5 amounts paid by TPL under the Plan provided that holder previously deducted the liability to
6 TPL as a “bad debt” for federal income tax purposes. Should that holder lack a net operating
7 loss, then in accordance with federal income tax provisions, the holder should treat the dividend
8 paid as ordinary income, again provided the holder previously deducted the liability to TPL as a
9 “bad debt” for federal income tax purposes. If the accrual basis holder of the claim did not
10 deduct the liability as a “bad debt” for federal income tax purposes, then the amount paid by TPL
11 has no current income tax implication. A holder of a claim that uses a cash method of
12 accounting would, in accordance with federal income tax laws, treat the amount paid as income
13 at the time of receipt.

14 **TPL MAKES NO REPRESENTATIONS REGARDING THE PARTICULAR TAX**
15 **CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS**
16 **TO ANY CREDITOR. EACH PARTY AFFECTED BY THE PLAN SHOULD**
17 **CONSULT HER, HIS OR ITS OWN TAX ADVISORS REGARDING THE SPECIFIC**
18 **TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO A CLAIM.**

19 **XI. CONCLUSION**

20 This document has been presented for the purpose of enabling you to make an informed
21 judgment to accept or reject the Plan. You are urged to read the Plan in full and consult with
22 counsel if you have questions. TPL believes that acceptance of the Plan is in the best interest of
23 all creditors, and will provide the best recovery in this case.

24 Dated: ~~October 31~~ November 22, 2013 _____ TECHNOLOGY PROPERTIES
25 LIMITED, LLC

26
27 By: /s/ DANIEL E. LECKRONE

DANIEL E. LECKRONE

Its: Responsible Corporate Individual

Dated: ~~October 31~~ November 22, 2013

BINDER & MALTER

By: /s/ ROBERT G. HARRIS
ROBERT G. HARRIS

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Limited, LLC

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6 Attorneys for Debtor and Debtor In
7 Possession Technology Properties Limited, LLC

8 **UNITED STATES BANKRUPTCY COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA, DIVISION 5**

10
11 In re

Case No: 13-51589 SLJ

12 TECHNOLOGY PROPERTIES LIMITED,
13 LLC,

Chapter 11

14 Debtor.
15

16 **CERTIFICATE OF SERVICE**

17 I, Valynn R. Torres, declare:

18 I am employed in the County of Santa Clara, California. I am over the age of eighteen
19 (18) years and not a party to the within entitled cause; my business address is 2775 Park Avenue,
20 Santa Clara, California 95050.

21 On November 25, 2013, I served a true and correct copy of the following document(s):

22 **SUMMARY AND EXPLANATION OF AMENDMENTS CONTAINED**
23 **IN TPL PLAN OF REORGANIZATION (NOVEMBER 22, 2013)**
24 **AND TPL DISCLOSURE STATEMENT (NOVEMBER 22, 2013)**

1 by sending via electronic transmission/or the Court's CM/ECF notification system to the parties
2 registered to receive notice, and by placing a true copy thereof enclosed in an envelope with
3 postage thereon fully prepaid, and placed for collection and mailing on that date following
4 ordinary business practices, in Santa Clara, California, addressed as follows:

5 **U.S. Trustee**

6 John Wesolowski, Esq.
7 United States Trustee
8 Office of the U.S. Trustee
9 280 So. First St., Room 268
10 San Jose, CA 95113
11 Email: john.wesolowski@usdoj.gov

12 **Unsecured Creditors Committee Attorney**

13 c/o John Walshe Murray, Esq.
14 c/o Robert Franklin, Esq.
15 c/o Thomas Hwang, Esq.
16 Dorsey & Whitney LLP
17 305 Lytton Avenue
18 Palo Alto, CA 94301
19 Email: murray.john@dorsey.com
20 Email: franklin.robert@dorsey.com
21 Email: hwang.thomas@dorsey.com

22 **Special Notice**

23 Patriot Scientific Corp.
24 c/o Gregory J. Charles, Esq.
25 Law Offices of Gregory Charles
26 2131 The Alameda Suite C-2
27 San Jose, CA 95126
28 Email: greg@gregcharleslaw.com

29 Arockiyaswamy Venkidu
30 c/o Javed I. Ellahie
31 Ellahie & Farooqui LLP
32 12 S. First St., Suite 600
33 San Jose, CA 95113
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35 **Special Notice**

36 Charles H. Moore
37 c/o Kenneth Prochnow, Esq.
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42 Phil Marcoux
43 c/o William Thomas Lewis, Esq.
44 Robertson & Lewis
45 150 Almaden Blvd., Suite 950
46 San Jose, CA 95113
47 Email: wtl@roblewlaw.com

48 Farella Braun + Martel LLP
49 Attn: Gary M. Kaplan, Esq.
50 235 Montgomery Street, 18th Floor
51 San Francisco, CA 94104
52 Email: gkaplan@fbm.com

53 Cupertino City Center Buildings
54 c/o Christopher H. Hart, Esq.
55 Schnader Harrison Segal & Lewis LLP
56 One Montgomery Street, Suite 2200
57 San Francisco, CA 94104
58 Email: chart@schnader.com

59 Peter C. Califano, Esq.
60 Cooper, White & Cooper LLP
61 201 California Street, 17th Floor
62 San Francisco, California 94111
63 E-Mail: pcalifano@cwclaw.com

64 Executed on November 25, 2013, at Santa Clara, California. I certify under penalty of
65 perjury that the foregoing is true and correct.

66 /s/ Valynn R. Torres
67 Valynn R. Torres