Heinz Binder (SBN 87908)
Robert G. Harris (SBN 124678)
Wendy W. Smith(SBN 133887))
BINDER & MALTER, LLP
2775 Park Avenue
Santa Clara, CA 95050
Tel: (408) 295-1700
Fax: (408) 295-1531
Email: Heinz@bindermalter.com
Email: Rob@bindermalter.com
Email: Wendy@bindermalter.com

Attorneys for Debtor and Debtor-in-Possession
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 CONFIRMATION HEARING Date: TBD Time: TBD Place: Courtroom 3099 280 South First Street San Jose, California

DISCLOSURE STATEMENT RE: TPL PLAN OF REORGANIZATION (February 14, 2014)

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I. INTRODUCTION

A. General

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA AS CONTAINING ADEQUATE INFORMATION UNDER BANKRUPTCY CODE SECTION 1125 FOR SOLICITATION OF ACCEPTANCES THEREOF. DISTRIBUTION OF THIS DISCLOSURE STATEMENT TO CREDITORS IS AUTHORIZED BY THE ENCLOSED ORDER OF THE UNITED STATES BANKRUPTCY COURT DATED FEBRUARY 26, 2014.

B. Executive Summary of Plan

The Plan[1] is a plan of reorganization under which Technology Properties Limited LLC ("TPL") will operate and pay its creditors quarterly for a period of no more than seven years after its Effective Date to achieve full payment of all Allowed Claims. Such Quarterly Payment 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.

Creditors will receive the following treatment under the Plan; if you are uncertain which class your claim is treated in, please refer to Exhibit "D" hereto which lists all claims filed and scheduled and the amount for each.

Class 1. **Creditors with priority wage and benefit** claims (up to $11,725) will be paid in full in cash on the Plan's Effective Date (which shall occur not later than October 31, 2014).

Class 2. **Cupertino City Center ("CCC")** will retain its senior lien on its collateral and be paid in full on its secured claim through four equal payments over the first 4 months after the Effective Date plus 10% interest accrued from the Petition Date. The source of payment is the 75% of the Quarterly payment set aside for CCC.

[1] All capitalized terms in this Disclosure Statement, unless defined herein, shall have the definitions set forth in the TPL Plan of Reorganization (February 14, 2014).

Class 4. **Arockiyaswamy Venkidu** will retain his junior lien on his collateral, receive monthly interest payments on his claim at a rate of 7% monthly, and will then receive 75% of the Quarterly Payment once CCC has been paid in full. A vote for the Plan by Mr. Venkidu effects a compromise of all claims for avoidance of his lien against him.

Class 5. **Allowed Claims of $5,000 or less** will be paid in full in cash on the Effective Date.

Class 6A. **General Unsecured Claims** will be paid in full after the Effective Date quarterly. Class 6A claimants will receive a lien to secure their payment and receive *pro rata* payments of 12.5% of the Quarterly Payment (less interest paid to Mr. Venkidu) and 50% of the Quarterly Payment following the payment in full of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Allowed Claims will bear from the Petition Date interest at a rate of 3% *per annum* or such other rate as the Bankruptcy Court may direct.

Class 6B. **Employee Incentive Compensation Claims** will be paid in full after the Effective Date quarterly. Class 6B claimants will receive a lien to secure their payment and receive *pro rata* payments of 12.5% of the Quarterly Payment (less interest paid to Mr. Venkidu) and 50% of the Quarterly Payment following the payment in full of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Allowed Claims will bear from the Petition Date interest at a rate of 3% *per annum* or such other rate as the Bankruptcy Court may direct.

Class 7. **Chet and Marcie Brown, Susan Anhalt, Mac Leckrone, John Leckrone, Todd Kirkendall, the Estate of James V. Kirkendall, and Alan Marsh**[2] will be paid as follows: if Class 7 votes to accept the Plan, each of the 13% Investors will receive distributions equal to 20% of his or her Allowed Claim, without interest, following the completion of payment of all Allowed Unclassified Claims and Allowed Classified Claims in Classes 1-6B and not be

[2] Defined in the Plan at paragraph 1.01 as the "13% Investors".

subjected to further litigation except as follows: if any particular Class 7 Allowed Claim or Allowed Claims is or are not ordered subordinated under Bankruptcy Code section 510(b) or 510(c), or the Bankruptcy Court determines that such claim or claims are not properly classified by Bankruptcy Code section 1122 within Class 7 of the Plan, such claim or claims shall be entitled to receive payment in full as a member of Class 6A. Moreover, 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 6A, 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.

Class 3 and Class 8. **Daniel E. Leckrone** Daniel E. Leckrone has subordinated his Class 3 secured claim 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 6A and Class 6B Allowed unsecured Claims have been paid in full. If one of these events takes place, Mr. Leckrone, after payment of all unclassified and classified Allowed Claims set forth in Classes 1-6B, will receive 75% of the Quarterly Payment claim has been paid in full. The obligation bears 3% interest. Mr. Leckrone will retain his equity interests in TPL but not receive any distributions on account thereof until all Allowed Claims have been paid in full.

C. Voting

1. How to Vote.

A vote for acceptance or rejection of the Plan may be cast by completing and signing the ballot enclosed herewith and mailing it to Binder & Malter, 2775 Park Avenue, Santa Clara, CA 95050, to the attention of Robert G. Harris, Esq. in an envelope marked "TPL Ballot" in the lower left hand corner. Only the Ballot should be mailed. For your vote to be counted, your

completed ballot must be received no later than March __, 2014, by 5:00 p.m., Pacific Standard Time. Upon its confirmation, the Plan will be binding on all creditors regardless of whether a creditor has voted in favor of or rejected the Plan.

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

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

- Any class voting to accept must do so with votes of claimants holding Allowed Claims totaling at least two-thirds in amount and more than half in number of Allowed Claims in any particular class (11 U.S.C. § 1126(c));
- At least one impaired class must vote to accept the Plan without including the acceptance of the Plan by any insider (11 U.S.C. § 1129(a)(10)); and
- Each class must vote to accept the Plan or not be impaired (11 U.S.C. § 1129(a)(8)) or the Plan is confirmed notwithstanding the accepting vote of one or more impaired classes pursuant to 11 U.S.C.§ 1129(b) if the Bankruptcy Court finds that it does not discriminate unfairly and is fair and equitable with respect to each class of claims that is impaired under and has not accepted the Plan.

Class 1, Class 2, Class 3, Class 4, Class 5, Class 6A, Class 6B, and Class 7 are impaired by the Plan. Creditors who cast dissenting votes in any of these classes are further protected by Bankruptcy Code Section 1129(a)(7)(A)(ii), which specifies that each dissenting creditor will receive or retain on account of its claim property of a value, as of the Effective Date, that is not less than the amount that the holder would receive or retain were TPL liquidated under Chapter 7 on the Effective Date.

II. HISTORY OF TPL

A. TPL's Founding, Business, and Litigation

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

The patents, which together comprise the MMP Portfolio, named Messrs. Moore and Fish as co-inventors, gave rise to two chains of title. The Fish chain came to be owned by PTSC in the mid-1990s, and the Moore chain came to be owned jointly by Moore and TPL pursuant to the terms of the Moore/TPL Commercialization Agreement in August of 2002. PTSC, Moore, and TPL entered into a Master Agreement in June of 2005 pursuant to which their respective ownership interests were transferred to PDS (f/k/a "P Newco"), which in turn entered into the PDS/TPL Commercialization Agreement granting to TPL the exclusive right to manage and sublicense the MMP Portfolio on behalf of PDS. In July of 2012, PTSC, PDS, and TPL entered into Agreements pursuant to which TPL relinquished the right to sublicense the MMP Portfolio, whereupon the right to sublicense reverted to PDS. The January 23, 2013 Settlement Agreement does not change any rights in this chain of title. All of the agreements to which TPL is a party that relate to the MMP Portfolio are confirmed as passing through the Plan and Bankruptcy Case.

[3] As a result of settling litigation with Patriot Scientific Corporation which had claimed ownership of elements of the MMP Portfolio, TPL entered into a joint venture with Patriot named Phoenix Digital Solutions LLC ("PDS") to unify the ownership of the MMP Portfolio. Initially, PDS engaged TPL on an exclusive basis to manage the commercialization of the MMP Portfolio, including all licensing efforts and litigation. Because of subsequent conflicts, that arrangement was changed in 2012 and TPL still manages the litigation, but TPL no longer licenses the MMP Portfolio.

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

TPL is also engaged in developing products based on the technologies protected by the Portfolios, although this is a smaller part of its business. For a significant portion of the last decade, TPL invested heavily in the development of a revolutionary microprocessor called SEAforth. SEAforth was developed by Mr. Moore with a team of engineers involved in TPL's chip-product business, IntellaSys, a division of TPL. IntellaSys was headed by Chester A. Brown as its CEO until early 2009. The SEAforth microprocessor has yet to gain commercial acceptance, but it remains an important asset of TPL.

In conjunction with its development of the SEAforth Microprocessor, and various SEAforth product applications since 2006, TPL continued and greatly expanded the efforts it had pursued for a number of years to develop technologies and devices which would advance the state of human hearing by managing and funding the development of a hearing device which utilizes as its processing platform the SEAforth microprocessor in conjunction with proprietary

signal processing algorithms. The device has been successfully prototyped and is ready to be taken to market as soon as either internal or external funding becomes available.

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

Next, TPL identifies companies whose products utilize the technology protected by the patents and works to license to those companies the right to use the technology. This requires multi-discipline expertise to analyze the products and to compile and explain the information necessary to demonstrate that each company that is making and selling infringing products is in fact infringing and needs to purchase a license. This includes significant technical analysis and reverse engineering work. TPL contracts with Alliacense Limited LLC ("Alliacense")[4] as its vendor to provide TPL with much of the needed technical expertise and marketing services.

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

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[4] TPL and Alliacense are both owned by Mr. Leckrone and the President of Alliacense is Mac Leckrone,Mr. Leckrone's oldest son.

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

B. Infringement Litigation

1. Overview of Litigation.

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

The legal basis for these cases is substantively the same across all filings, differing as to the identity of the infringer, the infringing products, and the particular patents at issue. In each case that is brought in a United States District Court, TPL has claimed, in either its complaint or in a cross-complaint, that the Defendants' products have infringed, and continue to infringe, the identified patents. TPL's actions seek damages for the infringement, injunctive relief, and attorneys' fees. Where TPL is named as Defendant, the Plaintiff is seeking a determination that its products do *not* infringe and/or that the patents are invalid, and TPL will have a cross-claim asserting that the products do infringe and the patents are valid, if applicable.

The actions brought before the ITC request an investigation regarding the Respondents' importation into the United States of certain products which infringe certain patents in violation of Section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1337 ("Section 337"). This law prohibits such importation as an unfair trade practice, and provides for the ITC to enter an "Exclusion Order" against the importing parties, when such importation is found to harm a domestic industry in the United States. The actions seek only injunctive relief in the form of

such an Exclusion Order. While an ITC case is pending, the corresponding action in District Court is stayed pending the outcome of the ITC proceeding. It appears that the ITC is attempting to change the analysis/requirements for determining the existence of the requisite "domestic industry" based on Licensing by introducing the requirement of showing a nexus between the patents being asserted and the products covered by the licenses issued in the Licensing Program being relied upon as a domestic industry, but it will take some time before the new requirement is solidified and tested. However, the eventual impact of a change in the domestic industry standard on TPL Licensing Programs will not be significant. The ITC provides injunctive relief only, not damages, and neither the MMP Portfolio, the CORE Flash Portfolio nor the Fast Logic Portfolio were intended to be the subject of additional ITC actions.

In those cases where either a trial or determinative Markman hearing[6] is pending or has occurred, TPL expects that the likelihood of outcomes favorable to TPL may encourage settlement by Defendants, which contributes to funding the TPL Plan.

Conversely, delays resulting from a prolonged trial, appeals, or proceedings in the bankruptcy case may discourage prompt settlements and impede the ability to pay creditors.

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

Holding a Markman hearing in patent infringement cases has been common practice since the U.S. 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.

Markman hearings are important, since the Court determines patent infringement cases by the interpretation of claims. A Markman hearing may encourage settlement, since the judge's claim 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 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.

TPL has had excellent results to date in the Patent Actions and anticipates that the current Actions will result in favorable outcomes.

2. MMP Patent Litigation.

Within the MMP Portfolio, there are 5 US patents, one European patent, and one Japanese patent that are widely infringed by electronics products -- including automotive, aerospace and medical products to computers and everyday electronics products -- and licensed to over 110 companies worldwide.

One of those patents -- the US'336 -- has recently been the subject of activity in the International Trade Commission (ITC), and in the US District Court in the district of Northern California (NorCAL).

A complaint was filed with the U.S. International Trade Commission on July 24, 2012, under section 337 of the Tariff Act of 1930, on behalf of Technology Properties Limited LLC of Cupertino, California, Phoenix Digital Solutions LLC of Cupertino, California, and Patriot Scientific Corporation of Carlsbad, California. The complaint alleges violations of section 337 based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain wireless consumer electronics devices and components thereof by reason of infringement of certain claims of U.S. Patent No. 5,809,336 (‘‘the ’336 patent’’) . The complaint further alleges that an industry in the United States exists as required by subsection (a)(2) of section 337.

The complainants requested that the Commission institute an investigation and, after the investigation, issue an exclusion order and cease and desist orders against the following companies: Acer Inc., Acer America Corporation, Amazon.com, Inc., Barnes & Noble, Inc., Garmin Ltd., Garmin International, Inc., Garmin USA, Inc., HTC Corporation, HTC America, Huawei Technologies Co., Ltd., Huawei North America, Kyocera Corporation, Kyocera Communications, LG Electronics, Inc., LG Electronics U.S.A., Nintendo Co., Ltd., Nintendo of

America, Novatel Wireless, Inc., Samsung Electronics Co., Ltd., Samsung Electronics America, Inc., Sierra Wireless, Inc., Sierra Wireless America, Inc., and ZTE Corporation, ZTE (USA) Inc..

Having considered the complaint, the ITC, on August 20, 2012, ordered that— (1) Pursuant to subsection (b) of section 337 of the Tariff Act of 1930, an investigation be instituted to determine whether there is a violation of subsection (a)(1)(B) of section 337 in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain wireless consumer electronics devices and components thereof that infringe one or more of claims 1, 6, 7, 9–11, and 13–16 of the ’336 patent, and whether an industry in the United States exists as required by subsection (a)(2) of section 337. The ITC assigned attorney Whitney to represent the ITC in the investigation, and although TPL, et. al, moved that attorney Whitney be excused due to the conflict of having represented in private practice other accused MMP infringers, that request was denied.

Subsequently, respondents Acer, Kyocera and Sierra Wireless purchased comprehensive licenses under the US'336 patent.

Following a brief investigation, there was a trial at the ITC in March 2013. In a remarkably unusual development, the validity of the US'336 patent was completely uncontested by any of the respondents. On September 6, 2013 Administrative Law Judge Gildea issued an Initial Determination finding the requisite domestic industry but no violation of SEC 337 due to no infringement of any of the claims of the US'336 patent.

One month later, there was a trial in the hotly contested NorCAL infringement litigation between TPL and HTC that had been ongoing since 2008. Following a trial which included the detailed testimony of technical experts from some of the world's largest microprocessor vendors, the Silicon Valley jury found infringement of six claims of the US'336. The outcome is notable because the defendant's sole line of defense -- that its use of an external oscillator negated its infringement -- has been the refrain of the remainder of the industry that is unlicensed, and has

now been rejected. The outcome is also notable because TPL, et. al, successfully established that the high bar required for damages analysis to utilize the "Entire Market Value Rule," is met by the characteristics of the MMP Portfolio Licensing Program.

On the heels of the infringement verdict, complainants TPL, et. al, petitioned the ITC for review of ALJ Gildea's Initial Determination, and on November 25, 2013, the ITC announced that it will review ALJ Gildea's Initial Determination regarding claims 6 and 13 of the US'336 patent. The results of that review have not yet been announced.

In light of the NDCA Jury verdict finding HTC products infringing the US'336 patent, the Commission's decision to review ALJ Gildea's Initial Determination may be indicative of the Commission's belief that the ALJ erred in his ruling. However, even if the ITC does not find that it erred, the ITC deals with issues of importation, and not a final resolution of disputes. As such, the current ITC proceeding is only a stepping stone on the path to further litigation in the Northern District of California -- a court where there has already been a jury verdict of infringement -- to address infringement and damages with respect to each of the remaining ITC respondents. TPL's assumptions as to the impact of these results on its licensing programs is set forth at page 86, lines 9-21 below.

3. CORE Flash Litigation.

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

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

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

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

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

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

In August 2011 in conjunction with the filing of the first CORE Flash ITC case, TPL and others filed a Complaint against 19 different companies) in the United States District Court for the Eastern District of Texas for patent infringement seeking a determination that the identified products of the named Defendants infringe the identified CORE Flash patents, as well as damages for past infringement and an injunction prohibiting the future importation and/or sale

of the products in the United States. The CORE Flash I ITC Case resulted in multiple Exclusion Orders. Several of the Defendants settled, and several filed bankruptcy, leaving six Defendants in the District Court action. On the Motion of the Defendants, the CORE Flash I District Court case was stayed pending the outcome of the CORE Flash I ITC case and has been dormant since it was filed. The CORE Flash 1 District Court cases will proceed against the remaining Defendants as soon as it becomes strategically advantageous and procedurally possible.

d. 2011 American Inventors Act Post-Grant Review.

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

4. Fast Logic Litigation. (See Exhibit A for Case Identification)

In September 2011, TPL and others filed Complaints against 18 different companies in the United States District Court for Delaware for infringement of the Fast Logic patents, seeking an award for damages for past infringement, and an injunction prohibiting the future importation and/or sale of the products in the United States. The Defendants have timely filed a variety of

defenses asserting that the identified Fast Logic patents were invalid, that the identified products do not infringe the identified Fast Logic patents as well as several counter claims for declarations of invalidity and non-infringement. Six of the Defendants have filed declaratory judgment actions against TPL and others based on invalidity and non-infringement. The Markman hearing is scheduled for February 2014 and a one week Jury Trial has been set for January 2015.

C. Other Litigation

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

In December 2009, Chester A. Brown Jr. and Marcie Brown filed a complaint in the superior court for the County of Santa Clara, California (*Chester A. Brown, Jr. and Marcie Brown v. Technology Properties Limited LLC et al.*, Superior Court of California, County of Santa Clara Case No. 1-09-CV-159452) against TPL, for breach of contract, seeking money damages, for an alleged breach of contract. TPL cross-claimed for several causes of action against the Browns, including an alleged breach of contract and misappropriation of trade secrets. After a bench trial regarding contract interpretation and a jury trial in 2012, the jury awarded the Browns $8,887,732 and awarded TPL no damages and no relief.

After the bankruptcy was filed, the parties agreed to entry of judgment. The final award is more than $10 million because the court awarded the Browns costs, attorneys' fees, and prejudgment interest.

TPL has filed a notice of appeal, and the Browns have filed a notice of cross-appeal. The appeal has not yet been briefed, so the grounds for TPL's appeal are not yet publicly available. The Browns have filed a public document on their cross-appeal noting that they seek additional prejudgment interest.

2. Charles Moore v. TPL et al.

Charles Moore commenced arbitration in September 2008 against TPL to resolve an outstanding dispute under the Commercialization Agreement between Moore and TPL (the "Moore-TPL ComAg"). Mr. Moore hired an audit firm to conduct an extensive audit of expenses incurred by TPL to determine whether he had been underpaid under the terms of the Moore-TPL ComAg. An audit report dated January 7, 2010 was sent to TPL but was not definitive, and concluded that either Mr. Moore was significantly overpaid or underpaid. The arbitration was closed in September 2010 after nonpayment of the arbitration fees by Mr. Moore to continue the proceeding. In September of 2010, Charles Moore filed a Complaint in the Superior Court for Santa Clara County against TPL and others alleging the breach of the Moore-TPL ComAg. (*Charles H. Moore v. Technology Properties Limited LLC et al.*, Superior Court of California, County of Santa Clara Case No. 1-10-CV-183613). TPL filed a Cross-Complaint against Moore and GreenArrays, Inc. for breach of contract, misappropriation of trade secrets, and other causes of action seeking money damages as well as a variety of other remedies. GreenArrays, Inc. was formed in February 2009 by Chuck Moore and Chet Brown immediately following their departure from TPL in January 2009 in conjunction with their management buyout of the SEAforth division. Mr. Brown was CEO of GreenArrays throughout 2009, and has been a member of its Board of Directors since its formation. Many other former TPL employees and/or contractors from the IntellaSys SEAforth division who had detailed knowledge of TPL's trade secrets worked for GreenArrays during the development of its asynchronous array multicore microprocessor. Preliminary analysis by TPL's trade secret expert in the *Brown v. TPL* action confirmed substantial similarities between the architecture of GreenArrays' multicore microprocessor and TPL's SEAforth microprocessor. In January 2013, Mr. Moore, TPL, and the other named parties in the lawsuit which did not include Mr. Brown entered into a settlement agreement pursuant to which all of their various respective claims against one another were

dismissed except those of TPL against the unidentified Cross-Complaint Defendants ("Roes"). TPL intends to continue to pursue its claims for damages and other remedies on its trade secret misappropriation cause of action against the "Roe" Defendants when they are identified, subject to evaluation. To date, GreenArrays has refused to produce documents responsive to TPL's document requests in that litigation at the direction of Chet Brown and Charles Moore. GreenArrays filed a claim against TPL in TPL's Chapter 11 proceeding which contains multiple false statements and is likely fraudulent as GreenArrays does not have a claim against TPL. GreenArrays retracted the claim in August 2013, but the retraction also contained misstatements. GreenArrays is currently in breach of the January 23, 2013 Settlement Agreement, to which it was party, and TPL is evaluating the impact of the breach and its course of action going forward.

3. Future Litigation.

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

D. Factors and Events Leading to Bankruptcy Filing

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

Starting in 2008, TPL's original business model underwent severe testing and has had to evolve. The portfolios TPL commercializes were subjected to 17 reexamination actions and TPL successfully defended each of them. These actions challenge the validity of patents and intellectual property they protect, take years and can be very expensive to defend, and limit the ability of the patent holder or other beneficiary to enforce infringement claims while they are underway. At the same time, several companies that utilize TPL's intellectual property elected, rather than purchasing licenses, to infringe and compel enforcement actions against them or file declaratory judgment actions against TPL for a finding of invalidity or non-infringement. The

result was years of litigation, significant expenditures in expert analysis to ascertain and prove the infringement, and attorneys' fees and costs to protect and enforce TPL's patent assets. In this period, TPL evolved from a company that itself developed and commercialized technology and patents, to much more of a managerial and litigation support entity as TPL reduced its workforce from a high of over 200 to its current ten.

TPL also suffered the loss of over $60 million in cash largely as a result of the development of the SEAforth multi-core microprocessor.[7] This effort was led by then-IntellaSys CEO and current largest unsecured creditor Chet Brown, and offered the promise of a revolution in microprocessor technology on the order of the Moore inventions which became the MMP Portfolio. Mr. Brown's projections for the SEAforth annual sales were in the hundreds of millions of dollars within a few years. Because of those projections, the IntellaSys business expanded significantly including the hiring of a non-U.S. sales force, which was employed by a related entity organized in Bermuda (IntellaSys BEC) with branch offices in Switzerland and Taipei. Because the sales projections for SEAforth never materialized, those branch offices and related infrastructure, including bank accounts, were closed in 2008 and 2009. The losses of Brown's IntellaSys operation combined with the expense of reexaminations and lawsuits made it impossible for TPL to continue the development of the microprocessor device the way Mr. Brown had structured his organization. When TPL proposed restructuring of the IntellaSys

[7] TPL has roughly $60 million in claims filed and scheduled in this Bankruptcy case at this time, but only some $10 million of the total comprises general unsecured claims all of which are treated in Class 6A of the Plan. $2.2million of the $10 million total is subject to reimbursement by PDS and may therefore be paid without subrogation by PDS. $2 million more of the $10 million general unsecured total is disputed and will be the subject of objections to claims. A further $9 million of the $60 million total in claims relates to incentive compensation claims treated as Class 6B claims above. Finally, the last $38 million of the $60 million total consists of claims of investors; the $38 million is calculated as the maximum owing to all investors using the formula applied by the Superior Court in the Brown litigation. The $38 million total is therefore disputed.

business unit in January of 2009, Mr. Brown proposed a management buyout of the SEAforth division. TPL accepted the Brown proposal and transferred all the assets of the SEAforth division in January 2009. Shortly thereafter, Mr. Brown and his team renounced the agreement but maintained possession of the assets which is part of the ongoing litigation between the parties.

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

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

Judgment now has been entered in favor of the Browns for $10,028,429 in addition to the $1,700,000 the Browns have already received, all based on their investment in TPL of $25,000. As set forth above, liability and damages will be challenged in TPL's appeal of the litigation.

III. TPL'S DEBT AND ASSET STRUCTURE

A. Secured Debt

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

1. CCC.

CCC and TPL entered into an agreement in March of 2012 (the "CCC Settlement Agreement") to settle a lawsuit arising from TPL's lease of the property located at 20400

Stevens Creek Boulevard in Cupertino, California. (*Cupertino City Center Buildings v. Technology Properties Limited LLC*, Superior Court of California, County of Santa Clara Case No. 110-CV-186192). Under the CCC Settlement Agreement, TPL agreed to pay CCC a total of $1.3 million in installments at $50,000 per month over time. This agreement is secured by a continuing security interest in TPL's share of the proceeds of the following:

> All CORE Flash and Fast Logic litigation;
>
> TPL's interest in the gross proceeds of a license agreement dated 4/12/06 with FMM Portfolio LLC re the CORE Flash Portfolio (aka Memory Control Management Technology);
>
> TPL's interest in the gross proceeds of a license agreement dated 6/19/07 with HSM Portfolio LLC re: the Fast Logic Portfolio (aka High Speed Memory Technology);
>
> Fifty percent of TPL's interest in the gross proceeds of a commercialization agreement dated 6/7/05 between TPL, P-Newco and Patriot re the MMP Portfolio;
>
> 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
>
> TPL's interest in the gross proceeds of a license agreement dated 12/14/07 with Chip Scale, Inc. re the Wafer-Level Chip Scale Technology.

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

2. Leckrone.

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

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

3. Venkidu.

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

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

4. Lien Priorities.

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

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

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

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

The validity of Mr. Venkidu's lien is preserved for investigation, evaluation, and prosecution by the Claims Trust Trustee unless Mr. Venkidu votes to accept his treatment under the Plan, in which case a compromise of all claims by and against him is effected thereby.

B. <u>Priority Claims</u>

TPL listed in Schedule E of the Bankruptcy Schedules unsecured priority claims totaling $9,031,665; the amount scheduled is entitled to priority only in the amount of $136,197. These claims arise from (a) unpaid salary at the date of filing, (b) accrued employee paid time off at the

date of filing, and (c) incentive compensation claims of Mac Leckrone, Dwayne Hannah, Janet Neal, Mike Davis, and Nick Antonopoulos. The Incentive Compensation Contracts will be rejected as of the Effective Date under the Plan, and all damages, pre- and post-petition, will be treated as Class 6B general unsecured claims.

C. General Unsecured Claims

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

D. Investor Claims - Disputed

In the early 2000's, some of Mr. Leckrone's friends and family were offered an investment opportunity in TPL which entitled them to receive a one percent interest in prospective revenue from two different patent portfolios for a per-percentage-point investment of $50,000. The portfolios were the MMP Portfolio (discussed above) and the Hearing Healthcare

Portfolio, neither of which were revenue-generating at the time and both of which were highly speculative in nature. Seven parties invested for a total of a 13% interest (listed below) and TPL assigned the percentage interest in TPL's portion of proceeds to each Investor in virtually identical documents titled "Assignment" as part of an "Assignment Agreement"[8]. The total investment by the group of Investors was approximately $365,000. Each Investor made his or her investment pursuant to the terms of the 2003-2004 Assignment Agreements, provided, however, that the Browns invested $25,000 (rather than $175,000) for their 3.5% interest because TPL agreed to credit them $150,000 for a previous investment in TPL that had not materialized. The Assignment Agreements with Mr. Leckrone's adult children (Susan Anhalt, John Leckrone and Mac Leckrone) are executed by TPL, but not the family member, which was an administrative oversight but does not impair their enforceability. The parties have worked under the terms of the Agreements since the initial payments of the consideration were made to TPL in the early 2000s, and the Judge in the *Brown v. TPL et al.* litigation included in his decision in favor of Mr. Leckrone a statement that the Agreements with Mr. Leckrone's adult children "are valid and enforceable by the assignee to the extent necessary to render [his] decision." To date, the 13% Investors collectively have received approximately $5,300,000 in returns. For various reasons, the non-family member Investors (Chet and Marcie Brown, James Kirkendall, Todd Kirkendall and Alan Marsh) have received more payments to date than Mr. Leckrone's adult children (Susan Anhalt, John Leckrone and Mac Leckrone) and thus have received a significantly higher rate of return.

The percentage entitlement of each Investor is as follows:

Chet and Marcie Brown 3.5%

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[8]The only variation is that Mac Leckrone provided part cash and part services for his percentage interest, which is provided for in his agreement.

Susan Anhalt	3.0%
John Leckrone	3.0%
Mac Leckrone	3.0%
Alan Marsh	0.2%
James V. Kirkendall	0.2%
Todd Kirkendall	0.1%

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

E. Assets of the Debtor

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

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		$4,4472,651.31

The $4,472,651.31 in personal property, listed largely at book value, does not include the value of licensing and infringement litigation with regard to TPL's rights in the Portfolios. TPL believes that its total assets, given adequate time over the Plan's term and thereafter, to develop, commercialize, license, and enforce its rights in intellectual property, exceeds $100 million. Expert testimony will be presented regarding valuation in the event that Confirmation is contested. The total above also does not include potential avoidance claims against insiders and affiliates, which are of unknown value.

IV. POST BANKRUPTCY EVENTS

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

A. NorCal Action Stay Relief Granted

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

B. Cash Collateral Use Approved

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

C. Settlement Procedures Established

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

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

D. Retention of Professionals

The Court has approved TPL retaining Binder &Malter, LLP as Bankruptcy counsel. It has also approved the retention of Agility IP Law, LLP, the Simon Law Firm, P.S. and Bragalone Conroy, PC and Farnan LLP as special counsel for the various ongoing patent litigations. Finally, the Court has approved TPL's retaining Ropers Majeski Kohn & Bentley as special counsel in the *Browns v TPL* and *TPL v GreenArrays* Roe litigation, and Adelson, Hess & Kelly APS as special counsel for the limited purpose of negotiating with, and potentially litigating against, One Beacon Insurance Company, the insurance company that paid defense costs in the *Browns v TPL* case. TPL has retained Fulop Business Tax Services as its tax consultant and filed an application to appoint Alliacense employee, Edward Heller, who is a patent attorney with a 6-year history on the various patent portfolios TPL commercializes. The

Court denied this application as unnecessary because Mr. Heller is an employee of Alliacense. TPL also employed the firm of Henneman & Associates for various patent-related matters and may seek the employment of other professionals as needed to assist with defense and enforcement of its intellectual property rights.

E. Information Provided To The Creditors Committee

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

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

TPL has promptly produced or given access to all documents and information requested by the Committee, including but not limited to all TPL bank statements since 2000, TPL financial records since 2003 and TPL license agreements, which can be used to verify revenue. Alliacense has also voluntarily responded to requests from the Committee for information related

to its financial statements and time allocations for time recorded prior to June 2012, as well as other background information and information related to its services.

F. Managing Ongoing Litigation

1. Settlement Procedures. TPL continues to negotiate settlements with the various Defendants in the patent-infringement actions, and has successfully implemented the approved settlement procedures to complete major settlements since March 20, 2013.[9]2. Northern District of California Cases. The NorCal Case was stayed by the filing of this bankruptcy inasmuch as TPL was a Defendant and Cross-Plaintiff. Because it was in TPL's interest to continue the litigation, it moved for relief from stay. The opposing parties in the NorCal action objected, but the motion was granted.3. Other District Court Cases. As the ITC litigations reach final determinations, the attendant District Court cases that have been stayed due to the ITC actions will be pursued. Relief from stay may need to be pursued to the extent the bankruptcy stay is still applicable.4. *Browns v. TPL* Appeal. When the bankruptcy petition was filed the Court in the case of *Browns v. TPL* had entered a Statement of Decision[10] in the action, but had not yet entered a judgment. TPL and the Browns stipulated to relief from the automatic stay to allow the judgment to be entered so that the appeals in the state Court could proceed5.

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

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[9] A filed copy of TPL'S Opposition To Motion Of Creditors' Committee For Orders (1) Directing The Appointment Of A Chapter 11 Trustee; And (2) Directing The Debtor And Daniel E. Leckrone To Appear And Show Cause Why They Should Not Be Held In Contempt For Violation Of This Court's Order is attached hereto as Exhibit "G".

[10] A filed copy of the Statement of Decision is attached hereto as Exhibit "H".

G. Rejecting Occam Portfolio LLC License

One of TPL's commercialization agreements was with Occam Portfolio LLC. As of the time of filing its petition TPL had not licensed the Occam Portfolio. TPL determined it was not likely to be able to generate sufficient revenue from licensing the portfolio in the short term to justify the cost of continuing to prosecute the patents and to develop the needed marketing program. Occam's inventor offered to purchase the patents from Occam Portfolio LLC for $150,000 if TPL would reject the commercialization agreement and terminate the license. Occam Portfolio LLC agreed that the full purchase price would be paid to TPL in exchange for TPL rejecting the agreement. TPL moved the Court to permit it to reject the commercialization agreement. The motion was granted on June 4, 2013, and resulted in a payment of $150,000 to the estate, as to which Alliacense received its 15% licensing contingency.

H. Stipulated Extensions of Exclusivity

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

I. Participation in BDRP

TPL and the Committee participated in two full days of mediation before the Honorable Dennis Montali on October 9-10, 2013. The mediation paused with the transmission of revised terms for a consensual Plan from TPL to the Committee. TPL reiterated the terms of its proposal on October 24, 2013, at the direction of the mediator. The Committee declines to proceed with further mediation, though TPL believes it would be helpful.

V. SUMMARY OF PLAN OF REORGANIZATION

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

J. Plan Type: Reorganization

The Plan is a plan of reorganization under which TPL will operate and pay its creditors quarterly for a period of up to seven years after its effective date to achieve full payment of all allowed claims. Such Quarterly Payment (as defined herein) shall be comprised of 100% of the distribution of MMP Portfolio proceeds from PDS to TPL and 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.

K. Classes Of Claims and Treatment Thereof

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

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

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

Class 2, the first priority secured Allowed Claim of CCC shall be paid in full over time with interest 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. Payment shall occur in four equal

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

payments over 4 months after the Effective Date with 10% interest accrued from the Petition Date. The remaining portion of the Quarterly Payment shall be deposited into the Creditor Trust Account and reserved to pay interest to Mr. Venkidu and the claims of Class 6A and Class 6B unsecured creditors under the Plan. CCC's lien shall remain on said funds until it has been paid in full.

Class 3, the second priority secured Allowed Claim of Daniel E. Leckrone, receives the following treatment under the Plan: Mr. Leckrone will voluntarily subordinate his secured claim 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, Mr. Venkidu and the holders of Class 6A and Class 6B Allowed unsecured Claims have been paid in full. When payable, Mr. Leckrone shall receive on account of his Class 3 Allowed secured Claim payment in full with interest as follows: after payment of all unclassified and classified Allowed Claims set forth in Classes 1-6B herein has been completed, Mr. Leckrone shall receive 75% of TPL's 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 Creditor Trust Account and reserved to pay the claims of Class 7 under the Plan.

Class 4, the third priority secured Allowed Claim of Mr. Venkidu shall receive 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 CCC is paid in full, Mr. Venkidu shall receive 75% of the Quarterly Payment. Until the payment in full of CCC and commencement of payments of 75% of the Quarterly Payment, Mr. Venkidu shall receive monthly interest payments on its entire Allowed Claim at a rate of 7% simple interest per year. The remaining 25% of the Quarterly Payment shall be deposited into the Creditor Trust Account and reserved to pay the claims of Class 6A and Class 6B unsecured creditors under the Plan. Mr. Venkidu's lien

shall remain on said funds until he has been paid in full. A vote for the Plan by Mr. Venkidu affects a compromise of all claims for avoidance against him.

Class 5 , 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, 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, on the Effective Date.

Class 6A holders of general unsecured obligations that are Allowed Claims will 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) corresponding to the percentage entitlement of the claimant in a pool consisting of all Allowed Claims in Class 6A and Class 6B until Class 2 and Class 4 have been paid in full and a pro rata share of 50% of the Quarterly Payment corresponding to the percentage entitlement of the claimant claimant in a pool consisting of all Allowed Claims in Class 6A and Class 6B following the payment in full of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Holders of Class 6A Allowed Claims shall receive interest calculated at three percent *per annum* or such other rate as the Bankruptcy Court may direct is required in order to confirm the Plan.

Class 6B holders of Allowed Claims of holders of Incentive Compensation Contracts will 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) corresponding to the percentage entitlement of the claimant in a pool consisting of all Allowed Claims in Class 6A and Class 6B until Class 2 and Class 4 have been paid in full and a pro rata share of 50% of the Quarterly Payment corresponding to the percentage entitlement of the claimant claimant in a pool consisting of all Allowed Claims in Class 6A and Class 6B following

the payment in full of the Allowed Claims in Class 1, Class 2, Class 4, and Class 5. Holders of Class 6B Allowed Claims shall receive interest calculated at three percent *per annum* or such other rate as the Bankruptcy Court may direct is required in order to confirm the Plan.

Class 7 holders of unsecured Allowed Claims by 13% Investors 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 1-6B and not be subjected to further litigation except in the following two circumstances: first, 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 6A, subject to TPL's 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. Second, to the extent that any particular Class 7 Allowed Claim or Allowed Claims are not ordered subordinated under Bankruptcy Code section 510(b) or 510(c), and the Bankruptcy Court determines that they are not properly classified in Class 7 of the Plan, they shall be entitled to receive payment in full as a member of Class 6A.

Class 8 consists of the equity interest in TPL. Daniel E. Leckrone shall, as the sole holder of all equity interests in TPL, retain those interests pursuant to Class 8 without modification. No payments or distributions shall be made to Mr. Leckrone on account of his Class 8 interests until all Allowed Claims have been paid in full except his fixed salary.

L. Means of Execution of Plan

The Creditor Trust Trustee will be selected by the Office of the United States Trustee or, if that office declines to do so, the Committee or, if it declines to do so, TPL from a list compromised of John Richardson, David Bradlowe, and Susan Uecker and approved at the Confirmation hearing. The candidates for Creditor Trust Trustee have been selected by TPL for

their experience as panel trustees and unchallengeable integrity and qualifications. TPL has had no discussions with any of the three,

The Creditor Trust Trustee has 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 claims and causes of action that he or she reasonably believes should be prosecuted in his or her business judgment.

The Creditor Trust Trustee shall establish a separate, segregated bank account by the Effective Date which shall be the Creditor Trust Account. On or before the Effective Date, TPL shall fund said Creditor Trust Account with funds from operations, which shall be used to enable the Creditor Trust Trustee to make all payments due on the Effective Date except to the extent that a claimant or claimants then entitled to payment agrees or agree to defer payment or accept less favorable treatment. On the fifth business day following the close of each calendar quarter, TPL shall transmit the Quarterly Payment to the Creditor Trust Trustee for deposit into the Creditor 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 Creditor Trust Trustee an amount equal to 12% of Adjusted Gross Revenue annually. On the tenth business day following the end of each calendar quarter the Creditor Trust Trustee shall distribute from the Creditor Trust Account the sums specified in the Plan.

Subject to Section 4.01 of the Plan, 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 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.

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

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

The Quarterly Payment is comprised of (1) 12% of TPL's Adjusted Gross Revenue plus (ii) 100% of PDS Revenue; either as adjusted by the Plan or otherwise by consent of the Creditor Trust Trustee. Adjusted Gross Revenue is TPL's 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. TPL's Gross Revenue is cash received by TPL during each calendar quarter from (i) operations, including license payments, litigation settlements, judgments, damage awards and service fees, (ii) asset sales and (iii) interest and dividends. PDS Revenue is 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.

TPL shall pay the Creditor Trust Trustee the Quarterly Payment other than the WCR, which shall be built by withholding from revenue a total of $500,000over no fewer than 2 quarters after Confirmation.

TPL shall reduce its annual operating budget for employee salaries, overhead, and G&A expenses to $1.25 million until such time as holders of Allowed Claims in Classes 1, 2, 4, 5, Class 6A and Class 6B are paid in full. As part of the aforementioned reduction Daniel E. Leckrone, Susan Anhalt, and Janet Neal shall, commencing upon Confirmation, defer 20% of their salaries (or such greater amount as required to meet the $1.25 million per year cap). The

amount of salary deferred will be repaid by TPL from operating funds *pari passu* with the percentage of Allowed Class 7 claims paid by the Creditor Trust Trustee.

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 Operating Committee. for such time until the Allowed Claims have been paid in full, at which time Mr. Leckrone's seat on the PDS Operating 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. There is no limitation, unstated or otherwise, on the powers of the OCC representative appointed to the PDS Board. The OCC representative shall be able to exercise each and every power held by a member of the PDS Management Committee, which powers are set forth in paragraph 4.3(a) through 4.3(h) of the PDS Operating Agreement, a copy of which is attached hereto as Exhibit F hereto.

Any request for a capital call from the PDS Management Committee could result in PTSC taking majority control of the MMP Portfolio given the admission by PTSC in its October 15, 2013 10Q Statement filed with the Securities and Exchange Commission.[12]

Paragraph 4.2(c) of the PDS Operating Agreement specifies how the third board member is appointed if there is not agreement on the third person's identity. That paragraph provides as follows: "[i]n the event that the Patriot Appointee and the TPL Appointee are unable to appoint a mutually acceptable Manager within 10 days of the resignation or removal of the Independent Manager, either party may apply to the [AAA] in Santa Clara County, or the nearest county

[12] "On March 20, 2013, TPL filed a petition under Chapter 11 of the United States Bankruptcy Code. We have been appointed to the creditors' committee and will be closely monitoring the progress in this matter as it relates to our interest in PDS. If we provide funding to PDS that is not reciprocated by TPL, our ownership percentage in PDS will increase and we will have a controlling financial interest in PDS, in which case, we will consolidate PDS in our consolidated financial statements. If we determine that it is appropriate to consolidate PDS, we would measure the assets, liabilities and noncontrolling interests of PDS at their fair values at the date that we have the controlling financial interest (emphasis added)."

thereto, if necessary, for the appointment of the Independent Manager and the AAA shall select the Independent Manager from a list of no more than three persons submitted by each party." The OCC representative and PTSC can, once TPL gives up its seat, either agree on a mutually acceptable Independent Manager or utilize the procedure set forth in this paragraph to select one.

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 counsel and service providers 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.

TPL is authorized, along with the Creditors 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, or such other actions as it deems appropriate. The Creditor Trust Trustee shall be authorized from and after Confirmation 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.

TPL and the Creditors Trust Trustee are authorized and empowered to (a) investigate and prosecute any and all potential actions against Venkidu (unless Venkidu votes to accept the Plan and thereby compromises any avoidance claims against himself), Onspec, Chipscale, and Indigita, and against all Insiders and senior management, including without limitation, Dwayne Hannah, Mike Davis, Susan Anhalt, Daniel M. Leckrone, Daniel E. Leckrone, Janet Neal, Nick Antonopoulus, Interconnect Portfolio, John Leckrone, Alliacense, and any and all entities wholly-owned or partially owned by Daniel E. Leckrone. Such actions include, again without

limitation, whether asserted directly or under an alter ego theory, actions to subordinate, recharacterize and/or avoid claims, to challenge the validity of liens, to recover preferences and fraudulent conveyances, for breach of fiduciary duty, for usurpation of corporate opportunity, for unfair business practices, for conversion, for misappropriation of funds, for fraud and for misrepresentation and (b) bring actions against the 13% Investors to subordinate their claims or challenge their claims on any ground.

TPL will operate and pay its creditors quarterly for a period of no more than seven years after its Effective Date to achieve full payment of all Allowed Claims. Payment will be made on a quarterly basis until the estate has been fully administered.

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 to creditors.

M. Executory Contracts

Confirmation of the Plan, subject to paragraph 5.01.2 of the Plan, effects the assumption (unless assumed by the prior order of the Court) of the following contracts: (1) the TPL/Moore/Patriot/PDS Settlement Agreement dated January 23, 2013; (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.

Confirmation of the Plan effects the rejection (unless rejected by prior order of the Court) 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.

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

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 (the "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. 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. 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 6A general unsecured claim, subject to further order of the Bankruptcy Court following action by the Creditors' Trust Trustee, if any, to subordinate such claim. 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 at Confirmation.

All Licenses remain in full force and effect and continue to be valid, binding, and enforceable in accordance with their terms, against TPL, the Reorganized Debtor, and all applicable third-party IP Owners and their successors and assigns. For the avoidance of doubt, nothing in the Plan, and no act or omission of TPL or the Committee (such as rejection of or failure to assume any executory contract) changes any rights, interests, claims, licenses or defenses under the Licenses. Each licensee thereunder (each, a "Licensee") shall have the same

unimpaired rights, claims, including offsetting or recoupment claims, interests, and defenses, as such party would have had there been no Bankruptcy Case or Plan. Notwithstanding any provision of the Plan or Confirmation Order, applicable law shall determine whether and to what extent any Licensee's proof of claim may be amended. If and to the extent that any challenge or dispute is made with respect to any License, such affected Licensee may not only defend on the basis of this Section 5.02, but also on any other basis whether or not previously raised by a Licensee. Furthermore, nothing in the Plan or Confirmation Order shall constitute a waiver by any IP Owner or Licensee of such party's rights under *Stern v. Marshall*, 131 S. Ct. 2594 (2011), or *Bellingham Ins. Agency, Inc. v. Arkin (In re Bellingham Ins. Agency, Inc.)*, 702 F.3d 553 (9th Cir. 2012), to challenge the jurisdiction of the Bankruptcy Court to issue a final judgment.

N. Disputed Claims

The Creditors Trust Trustee shall maintain in its Creditor Trust Account prior to distribution 100% of the amount to which the holder of any Disputed Claim would be entitled plus interest at the rate specified for such claims 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.

O. Voluntary Subordination Of Claims And Waiver of Statute

The following creditor have agreed to voluntarily subordinate their pre-petition general, unsecured claims to the payment of all Allowed Claims in Class 1 through Class 6, 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, Mr. Venkidu and the holders of Class 6A and Class 6B Allowed unsecured Claims have been paid in full.

Mr. Leckrone has agreed 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. The Committee has suggested that tolling be offered to affiliates and insiders against whom actions may lie. TPL will consider entering into tolling agreements with any person or entity who wishes to delay action against him, her, or it, and expects that the Creditor Trust Trustee, empowered to bring litigation from and after Confirmation, will be similarly inclined.

P. 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. If TPL fails to set a hearing within 5 business days of receiving notice of default or the Bankruptcy Court determines that the alleged default is in fact a default and TPL fails to cure within 5 business days of the conclusion of the hearing, then the noticing party may set a motion to convert the Bankruptcy Case to Chapter 7 for hearing before the Bankruptcy Court on 10 days' notice to all creditors and parties in interest. .

Q. Creditors' Committee.

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

VI. DISCLOSURES & ANALYSIS OF TREATMENT OF EXECUTORY CONTRACTS

TPL is currently party to a range of executory contracts, which are being assumed or rejected under the Plan, or which will ride through the bankruptcy having been neither assumed

nor rejected. TPL's executory contracts can be divided into the following categories: (1) Commercialization Agreements, pursuant to which TPL is granted rights to commercialize Portfolios based upon a stated set of terms; (2) Settlement Agreements with ongoing obligations; (3) Service Agreements with vendors providing TPL with services, including litigation patent counsel, Alliacense, and others; (4) Incentive Compensation Contracts attendant to employment or consulting relationships; and (5) Agreements with general business vendors.[13]

A. Commercialization Agreements with Historical Background

TPL's Commercialization Agreements are currently the core of its business because these are the agreements pursuant to which TPL has the right to manage Licensing Programs and otherwise commercialize Portfolios. The common thread in all TPL's Commercialization Agreements is that TPL acquires the exclusive right to commercialize the Portfolio patents in exchange for an obligation to commercialize and a percentage of the proceeds. The obligation to commercialize typically includes the obligation to prosecute and maintain the patents within the reasonable business judgment of TPL and incur other expenses related to the development of the commercialization program as well as minor administrative costs associated with entity maintenance. TPL has evaluated each Commercialization Program and corresponding Portfolio Commercialization Agreement to determine whether, in its business judgment, each should be assumed. The factors that TPL considered include: (1) whether there are defaults to cure upon assumption of the agreements; (2) whether the agreements are a significant source of revenue for TPL's business operations in the next 5 years; (3) whether the revenues projected over the next 5 years for the portfolio substantially exceeds the projected costs of the program, or whether there

[13] TPL has also entered into approximately 175 non-exclusive licenses of patent portfolios. TPL does not believe that such licenses are executory contracts and subject to either assumption or rejection under the Plan. Inasmuch as rejection would simply trigger the right of the licensees to continue to use the licensed 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.

is a strategic benefit to retaining the portfolio in question; (4) whether the obligations owing to the patent owners are reasonable and reflect a market rate of return that is historically consistent with returns paid to non-insider patent owners.

TPL is actively pursuing Commercialization Programs with respect to the MMP, CORE Flash, Fast Logic, and 3D ART Portfolios, including the current litigations pending against infringers of MMP, CORE Flash, and Fast Logic. TPL will assume each Commercialization Agreement for the MMP, CORE Flash and Fast Logic Portfolios and each counterparty of each Commercialization Agreement for the CORE Flash and Fast Logic Portfolios has agreed to consent to such assumption upon Plan confirmation; such consent would only be withheld on grounds that the Plan is not confirmed. TPL has evaluated each of these Commercialization Programs and corresponding Portfolio Commercialization Agreements and has determined that, in its business judgment, each should be assumed because TPL believes there are no defaults to cure on assumption of the agreements; the agreements are currently, or are anticipated to be within 5 years, a significant source of revenue for TPL's business operations; the revenues projected over the next 5 years of each portfolio substantially exceed the projected costs of the program or there is a strategic benefit to retaining the portfolio in question; and, the obligations owing to the patent owners are reasonable and reflect a market rate of return consistent with or less than the historical returns paid to non-insider patent owners.

The CORE Flash and Fast Logic Portfolios are owned by limited liability companies that are owned in part indirectly by Dan Leckrone, TPL's Chairman and Manager. Neither company, however, has received any cash distribution from TPL or other return from the Portfolio to date.

TPL has also evaluated each of the other Commercialization Programs and corresponding Commercialization Agreements and has determined that, in its business judgment, each of such other Commercialization Agreements should not be assumed because they failed to meet one or

more of the same factors discussed above. TPL believes that there will not be damages claims resulting from the rejections.

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

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

In early 2004, Patriot Scientific Corporation (OTC: PTSC) ("Patriot") filed a lawsuit against TPL, Mr. Leckrone and Mr. Moore for declaratory judgment disputing their ownership in the MMP Portfolio. The litigation was ultimately settled by the parties, and a stipulated final judgment was entered in June 2005 in favor of TPL, Mr. Leckrone and Mr. Moore on their counter-claims declaring that Mr. Moore was a co-inventor and TPL was a co-owner of the MMP Patents. In connection with the settlement, a Master Agreement was entered into by TPL, Mr. Moore and Patriot dated June 7, 2005 pursuant to which a joint venture was created (Phoenix Digital Solutions, LLC or "PDS") with equal ownership split between Patriot and TPL, the MMP Portfolio transferred into PDS, and TPL was granted exclusive rights with respect to the management and commercialization of the MMP Portfolio under the terms of the

Commercialization Agreement entered into amongst Patriot, PDS, and TPL. The Joint Venture transaction resulted in a number of agreements related to the continuation of the commercialization of the MMP Portfolio, including the PDS Operating Agreement which governs the limited liability company and identifies each Member's rights and obligations with respect to the Joint Venture. This agreement is the basis for TPL's right to proceeds from PDS. In addition, Patriot, PDS and TPL entered into a Commercialization Agreement ("PDS-TPL ComAg") granting TPL exclusive rights to commercialize the MMP Portfolio as well as a licensing fee in an amount equal to 15% of the gross proceeds of the MMP licensing program less certain adjustments and the payment of all third-party expenses. A series of conflicts arose over payments owed between the parties under the various agreements, which have resulted in a number of agreements through 2012. The parties agreed to amend the commercialization program in July of 2012 to resolve additional disputes between the parties, the result of which is that PDS licenses the MMP Portfolio instead of TPL and TPL no longer manages the MMP Licensing Program. Thus, the right of TPL to receive a 15% fee for licensing the MMP Portfolio was eliminated, leaving TPL with the exclusive right and authority to pursue litigation involving the enforcement of the MMP Portfolio. The Agreement did not establish the basis upon which TPL would be compensated for its litigation-related services, and negotiations are currently underway with PDS and Patriot with respect thereto, including the scheduled claim of TPL against PDS for approximately $200,000 which has increased by approximately $200,000 since TPL's Petition filing. In addition, PDS has refused to pay TPL $225,000 for a contingency payment on a License that was executed while TPL still managed the Licensing Program and claimed that the amount owing is offset against some amount Patriot claims TPL owes to PDS. TPL believes the offset is subject to attack because it is done within 90 days of TPL's Chapter 11 filing and is also done without TPL's agreement. All the agreements have been heavily negotiated and collectively form the basis for TPL's entitlement to MMP licensing revenue.

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

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

The burden associated with assuming the January 2013 Settlement Agreement is that TPL gives up approximately 48% of its distribution from PDS. Prior to the January 2013 Settlement Agreement, PDS distributions were split 50% to Patriot Scientific and 50% to TPL. Under the terms of the Moore-TPL ComAg, the 50% distribution from PDS to TPL was split between Moore and TPL 55% to Mr. Moore and 45% to TPL. The Moore-TPL ComAg requires the

payment of certain expenses, including amounts payable to the 13% Investors, before distributions to Moore and TPL. The *Brown v TPL* litigation resulted in the Court changing TPL's calculation methodology for the 13% Investors resulting in approximately $38 million of claims by the 13% Investors. The burden to TPL of assuming the January 2013 Settlement Agreement is that the 13% Investors' entitlement, if any, will come entirely out of TPL's share of MMP revenue, whereas before the January 2013 Settlement Agreement Investors were paid prior to TPL and Moore splitting the MMP revenue.

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

TPL will, subject only to Plan approval, assume any and all agreements related to the Joint Venture with Patriot related in any way to the ownership of the MMP Portfolio or the rights to license the MMP Portfolio that are executory contracts and confirms that all non-executory contracts and agreements related in any way to the ownership of the MMP Portfolio or the rights to the MMP Portfolio, including rights to license, will pass through the Bankruptcy Plan and Case.

2. Commercialization Agreements with Other Unrelated Parties.

a. 3D ART.

In October of 2009, TPL entered into a commercialization agreement with Adrian Sfarti pursuant to which TPL agreed to implement a commercialization program with respect to a new graphics technology now known as 3D ART, with TPL as the exclusive licensor thereof in return for 50% of the net proceeds of the licensing program, which would deduct all costs

incurred in conjunction therewith. TPL would also earn an ownership interest in a limited liability company which would be the owner of the patent portfolio, and the limited liability company would initially be owned by Mr. Sfarti with TPL earning at most a 50% interest thereof based on payments of net proceeds to Mr. Sfarti.

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

3. Commercialization Agreements with Related Parties.

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

The OnSpec and Indigita transactions occasioned the development of a model for the acquisition of patent portfolios which would enable TPL to build, protect, and retain portfolio value at the same time segregating the ownership of each Portfolio so that each could be independently developed and commercialized without the constraints and complications that

arise from Portfolio ownership being mixed with other assets and the interests of other principals, a commonly-used structure in the industry.

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

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

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

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

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

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

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

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

maintenance and tax preparation. In addition, MCM requires interest to accrue on any unpaid balance at the same annual rate as Class 6A and Class 6B.

b. TruVNS – VNS Portfolio LLC – Indigita Corporation

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

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

Concurrently, Indigita LLC was established by Mr. Leckrone and in May 2006, it acquired all of the assets of the Indigita chip business out of bankruptcy for approximately $1 million. The amount of the purchase price was booked as a distribution to Mr. Leckrone in TPL's financial records and for tax purposes, but rather than wire the amount to Mr. Leckrone with a subsequent wire to the bankruptcy estate, TPL wired the amount directly to the selling

estate. TPL did not make either of these distributions to Mr. Leckrone at a time when TPL was insolvent.

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

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

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

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

In May 2007, Mr. Leckrone established HSM Portfolio LLC to acquire certain high-speed memory technology (now known as the Fast Logic Portfolio) from Thunderbird Technologies Inc. in a non-cash transaction. The acquisition was finalized on June 19, 2007 and

was based on a revenue sharing formula pursuant to which Thunderbird would receive a specified percentage of Fast Logic licensing proceeds after the payment of certain program expenses. TPL guaranteed the performance of the payment of Thunderbird's percentage to Thunderbird. The acquisition was followed immediately by the grant of an exclusive license to TPL by HSM Portfolio in exchange for the obligation to commercialize and a percentage of the proceeds.

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

In March 2011, the parties agreed to modified terms of the commercialization program for Fast Logic and then in April 2012 TPL and HSM entered in to an agreement with Thunderbird pursuant to which Thunderbird received $1,250,000 from TPL in exchange for the agreement of Thunderbird to accept that amount as payment in full satisfaction of outstanding unpaid royalties due Thunderbird, the reduction of Thunderbirds' entitlement to a share of future Fast Logic proceeds from 35% to 17.5% and a forbearance agreement for 24 months. TPL has received license revenue in excess of $19 million from the Fast Logic Portfolio to date and continues to earn revenues from it. No amounts are currently owed to Thunderbird. No payments have been made by TPL to HSM Portfolio, nor does HSM Portfolio have a pre-petition or administrative claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal administrative expenses per year on HSM's behalf for entity maintenance and tax preparation pursuant to the TPL-HSM Commercialization Agreement. There have been significant expenses in the prosecution of the Portfolio as well as in support of the litigation discussed in Section II.B

above; however, the investments made to date are expected to pay off in revenues over the next 5 years and TPL believes it is in the best interests of the estate to assume the TPL-HSM Commercialization Agreement. If TPL's Plan is confirmed, HSM Portfolio has agreed to accrue any amounts that become owing to it under the Commercialization Agreement until such time as Class 6 has been paid in full, provided the Commercialization Agreement is not breached in any other manner, which includes TPL continuing to prosecute and maintain the patents as well as to continue to pay the nominal expenses related to entity maintenance and tax preparation. In addition, HSM requires interest to accrue on any unpaid balance at 3% per year.

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

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

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

TPL incurred expenses in connection with the prosecution of the Chip Scale patents acquired from Schott AG, and a dispute arose regarding the payment of fees to the law firm of Blumbach-Zinngrebe totaling approximately $200,000 which is the basis for the scheduling of the firm as a TPL creditor. It is the position of TPL that all amounts paid to the firm by TPL will be recoverable as program-related expenses under the terms of the revenue-sharing formula. TPL has earned approximately $600,000in licensing revenue from the Schott Patents to date, but does not believe it has sufficient near-term revenue producing prospects to

warrant the continued investment by TPL and therefore should be rejected. No payments have been made by TPL to WLP Portfolio, nor does WLP Portfolio have a pre-petition or administrative claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal administrative expenses per year on WLP's behalf related to entity maintenance and tax preparation pursuant to the TPL-WLP Commercialization Agreement.

TPL also incurred expenses in conjunction with the commercialization of another set of Wafer-Level Packaging patents that were a part of the Chip Scale Portfolio which were owned by a company of the same name, Chipscale, Inc. Mr. Leckrone acquired Chipscale, Inc. in December 2007 and, concurrently with the transaction, Chipscale, Inc. entered into a Commercialization Agreement with TPL in which TPL was granted an exclusive license to license the portfolio in exchange for a percentage of the proceeds from the commercialization program. Prior to the completion of the acquisition, TPL engaged Chipscale, Inc. (and primarily its principals, Phil Marcoux and Wendell Sander) on a consulting basis to develop a business plan for the commercialization of the Chipscale patents. Mr. Leckrone made a total of $447,667 in payments to the Chipscale shareholders for the acquisition purchase price during 2008 and January 2009, which payments were made directly by TPL to those former shareholders and were accounted as distributions to Mr. Leckrone for financial accounting and tax purposes. These distributions did not occur at a time when TPL was insolvent. TPL earned approximately $1.3 million in revenue from the Chipscale patents and made no payments to Chipscale Inc. under the Commercialization Agreement. The payment of the purchase price was scheduled to occur in installments and subsequently renegotiated. Thereafter and following his departure from TPL as an employee, Mr. Marcoux, as the shareholder representative of the former Chipscale shareholders, attempted to conduct a foreclosure sale of the patents and filed documents with the USPTO claiming that the purported sale had been successful in terminating TPL's rights to license the Chip Scale Portfolio. Mr. Marcoux also wrote several letters to

existing TPL customers alleging that TPL did not have the rights to license the Chip Scale Portfolio (which contains a significant number of patents from the Schott transaction as well as the patents owned by Chipscale Inc.) and accused TPL of fraud. In December 2009, TPL filed suit against Mr. Marcoux and Mr. Marcoux responded with litigation naming seven different parties, including TPL and Mr. Leckrone. The resulting litigation was resolved by the May 25, 2012 agreement pursuant to which TPL, Mr. Leckrone and the other cross-defendants agreed to pay Mr. Marcoux a total of $753,000 over a two-year period, and assign their interests in the original patents owned by the Chipscale entity to Mr. Marcoux in exchange for an immediate cessation of any contact with TPL's customers and an agreement not to use TPL's name or its trademarks in any way. The payments of the settlement amount have been made by all cross-defendants in proportion to an agreed-upon allocation. The total remaining to be paid is $325,000 and that is the basis for scheduling Mr. Marcoux as a creditor of TPL. TPL will prior to Confirmation move to assume the Marcoux Settlement Agreement to ensure the ongoing benefits to it of the requirement that Mr. Marcoux refrain from disparaging TPL and contacting TPL's customers.

e. Audition – SWAT/ACR Portfolio LLC

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

The SWAT/ACR patents will require time and expense to maintain and prosecute and there is no near-term revenue forecasted for the Portfolio. TPL has not received any licensing revenue from the SWAT/ACR Portfolio to date, and does not believe it has sufficient near-term revenue producing prospects to warrant the continued investment by TPL and

therefore should be rejected. No payments have been made by TPL to SWAT/ACR, nor has SWAT/ACR made a claim against TPL in the Chapter 11 proceeding. TPL has incurred nominal administrative expenses per year on SWAT/ACR's behalf related to entity maintenance and tax preparation pursuant to the TPL-SWAT/ACR Commercialization Agreement.

f. Clear Cube – Multipath Portfolio LLC

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

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

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

g. Silicon Pipe – Interconnect Portfolio LLC

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

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

h. eCommer$e – Online Security Portfolio LLC

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

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

4. Dormant Relationships.

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

B. Service Agreements Relating to Commercialization

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

1. Amended Services Agreement with Alliacense Limited LLC.

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

The bulk of the services provided by Alliacense are for Program Management, which includes all the services necessary to execute a successful licensing program, including business analysis and marketing, communications with prospective licensees, technical research and analysis, reverse engineering of potentially infringing products to determine infringement and sales. Alliacense performs these services for all TPL commercialization programs on a contingency fee basis of 15% of the license fee, which is due only upon recovery. The 15% charged by Alliacense is 5% below what PDS, Alliacense's other main customer, pays Alliacense for similar services provided to PDS with respect to the MMP Licensing Program. The PDS/Alliacense agreement was negotiated after Patriot indicated they did their own investigation of other licensing firms and the competitive landscape of what these services provided by Alliacense would cost. It was determined that even the 20% fee was below the

market rates and thus PDS entered into the Services Agreement with Alliacense. In the case of TPL's agreement with Alliacense, TPL has benefited from a substantially better deal than PDS has for similar services. In addition to TPL paying significantly less for similar services, TPL also does not pay the $500,000 quarterly advances to Alliacense which is a component of the PDS/Alliacense Services Agreement.

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

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

TPL believes there is significant economic benefit to the Services Agreement with Alliacense because it provides cost-savings versus other market offerings. However, assumption of the Agreement would result in administrative damages and thus TPL believes the best course is to allow the Agreement to "pass through" the bankruptcy, which means it will remain in effect without modification. 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, 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 general unsecured claim, subject to further order of the Bankruptcy Court following action by the Creditors' Trust Trustee, if any, to subordinate such claim. 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.

Exhibit C-2 hereto is a table listing the employees of TPL and Alliacense who do work for both companies under the Services Agreement. The table shows the percentages of work performed by each person for each entity and the cost, when time spent is multiplied by salary, to be balanced. TPL therefore believes that, even ignoring the explicit obligations of TPL under the Services Agreement, no equalizing payment as between TPL and Alliacense is required based on analysis of post-petition operations.

2. <u>History of the TPL-Alliacense Amended Services Agreement</u>.

The 2012 Agreement amends the first written Services Agreement between the parties from 2007. Alliacense was formed in 2005 to market the MMP Portfolio and worked on a time and expense basis until late 2006 when the time and expense formula became unwieldy due to the magnitude of litigation support and reexamination work necessary to support the MMP Portfolio and also did not compensate Alliacense sufficiently for the sales and marketing services it had undertaken. As TPL began the commercialization of other Portfolios, Alliacense took over the development of the licensing portion of TPL's respective Commercialization Programs, and in 2007 the first written TPL-Alliacense Services Agreement was drafted but never refined beyond the preliminary draft stage which proposed a "15% of gross" fee for marketing and sales

("M&S") activity conducted by Alliacense, plus expense reimbursement. The written agreement failed to document the litigation support services and patent support and maintenance services, although those services continued to be requested by TPL and provided by Alliacense. As licensing revenue declined dramatically during 2008 and continued to decline year after year correspondingly reducing Alliacense revenue, the Litigation/Reexamination support work increased significantly and TPL began making cash advances to Alliacense to cover its operating expenses (primarily headcount expenses) which were booked initially as distributions to Mr. Leckrone (TPL's sole owner) with a corresponding contribution from his to Alliacense, and later as intercompany receivables.

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

The TPL-Alliacense Amended Services Agreement was executed by Mr. Leckrone on behalf of both entities on March 19, 2012, launching the process of completing the various

Exhibits as well as thoroughly reviewing the Litigation Support services and Prosecution and Maintenance services that had been provided by Alliacense to ensure accuracy of the offset provided in the Agreement.

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

C. Incentive Compensation Contracts

TPL is a party to incentive compensation arrangements with current and former employees and consultants. The Committee contends that these agreements were entered into with Alliacense and not TPL. TPL disagrees, and the documents themselves bear out TPL's positon. In June 2004 TPL closed the first licensing transaction involving the MMP Portfolio. TPL then began planning and executing a major licensing program for the MMP Portfolio which would require the assembly of a host of resources including a team of senior Licensing Executives which resulted in the recruitment of two such individuals with broad-based experience in the licensing business (Mac Leckrone and Mike Davis) who joined TPL as consultants in the third quarter of 2004 under compensation packages that paid below-market salaries but included a percentage of TPL licensing revenue as an incentive in lieu of other common compensation elements in Silicon Valley such as stock options. Incentive

compensation arrangements were also made with Nick Antonopoulos, TPL's former Senior Vice President of Business Development, Dwayne Hannah, TPL's Chief Financial Officer, Janet Neal, TPL's Senior Vice President of International Administration and Robert Neilson, a former consultant of TPL. Mac Leckrone and Mike Davis became Alliacense employees in early 2007, but their percentage incentive agreements were not assigned to Alliacense, and they remain TPL obligations. Their agreements with TPL were finalized at the time they became TPL consultants, and documented in incomplete consulting agreements which were not signed due to administrative oversight. TPL made initial payments to Mac Leckrone and Mike Davis under their agreements in 2006, but has not made any payments to them since. The agreement with Dwayne Hannah, TPL's CFO, was not documented due to administrative oversight. TPL has not made any payments to Dwayne Hannah pursuant to his incentive compensation agreement. TPL has not made payments to Mr. Antonopoulos, Robert Neilson or Janet Neal with respect to their agreements since 2008. All incentive compensation agreements are rejected under the Plan (although Mr. Neilson's agreement terminated shortly after his departure from the company several years ago). The parties will have claims for past unpaid amounts (which they have filed individually) and claims for breach in the Bankruptcy Case with an unknown amount of damages claimed.

D. Business Vendors

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

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

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

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

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

E . <u>Agreements Relating to Assignment of TPL Seat On PDS Board of Dierector To Committee Representative And Impact Of Possible Future Intentional Breach By PDS</u>. PTSC, Moore, and TPL entered into a Master Agreement in June of 2005 which resulted in a number of transactions and agreements including:

a. The immediate formation of PDS (f/k/a "P-Newco"), the operation of which is governed by the terms of an Operating Agreement entered into by PTSC and TPL which creates and empowers the PDS Management Committee;

b. The Commercialization Agreement between PDS, PTSD, and TPL pursuant to which TPL is authorized and empowered to formulate and implement an MMP commercialization program; and,

c. Agreements between PTSD, TPL, and PDS in July of 2012 resolving a number of differences between the parties with TPL foregoing its exclusive right under The Commercialization Agreement to continue to conduct The MMP Licensing Program, but retaining the exclusive right to operate MMP litigation.

None of these agreements nor any others to which TPL and/or PDS is a party would be materially impacted by the TPL seat on the PDS Management Committee being assumed by a representative of the Committee. TPL does not believe that it would be bound by or liable for actions taken by the Management Committee without the consent of TPL.

The Services Agreement in effect between Alliacense and PDS entitles Alliacense to terminate it for cause and/or convenience, but contains no reciprocal entitlement for PDS. Unilateral termination of the Services Agreement by some future iteration of the PDS board could constitute a breach of contract giving rise to substantial liability on behalf of PDS, including past and future contingent fee entitlements with respect to MMP portfolio licensing and litigation. PDS does not have sufficient information to opine as to whether PDS could terminate Alliacence, find a replacement and increase recoveries to the Creditor Trust Trustee from the MMP Portfolio beyond the damages its breach might generate.

VII. ALTERNATIVES TO THE PLAN.

A. General

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

B. Best Interest of Creditors

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

C. Liquidation under Chapter 7

When a Chapter 11 case is converted to a case under Chapter 7 of the Bankruptcy Code, a Chapter 7 trustee is appointed to conduct the affairs of the estate. In applying the liquidation test of Bankruptcy Code Section 1129(a)(7)(A)(ii), the Bankruptcy Court must consider not only the accrued expenses of administration from the Chapter 11, but the Chapter 7 trustee's fees and expenses, and the fees and expenses of professionals likely to be retained by that trustee. Generally, no distribution is made in a Chapter 7 case until all assets of the Bankruptcy Estate and all claims have been liquidated, a process that can often take many months and sometimes years. Most importantly, a Chapter 7 trustee does not operate the business over which or she takes control except in very rare circumstances.

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

TPL contends that a Chapter 7 trustee would not be able to generate revenue from the commercialization agreements for the following reasons: first, the commercialization agreements

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

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

D. Liquidation Analysis Applied

1. Assets.

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

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

PDS licenses the MMP Portfolio and receives revenue from that effort, and may receive additional jury awards like the one recently from HTC – although jury awards are far more speculative and costly to obtain. Currently, revenues from MMP are paid to the contingency firm handling litigation, Agility. The payment to Agility varies significantly depending on whether the licensee is a defendant or not. PDS is also obligated to pay all vendors from MMP revenue, including Alliacense for sales, marketing, litigation support and prosecution and maintenance, and all vendors used in relation to litigation preparation including expert witnesses, document production vendors, etc. PDS also pays MMP inventor Charles Moore a monthly consulting fee and advances payments to Patriot and Mr. Moore for their percentage share of returns pursuant to

the January 2013 Settlement Agreement . Finally, the remainder is split amongst TPL, Patriot and Moore. While TPL's share of MMP revenue is approximately 26%, that number drops below 10% historically after taking into account all PDS payables. In order for a trustee to pay TPL creditors in full from MMP alone and assuming that the estimated share to TPL is accurate over time, the MMP portfolio would have to generate approximately 2.7 times the revenue TPL currently believes the MMP Portfolio will produce within the next six years. While TPL's estimates may be conservative for MMP revenue in its forecast, TPL does not believe almost three times that amount is realistic.

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

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

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

2. Avoidance Actions.

TPL's Statement of Affairs discloses payments to creditors. It's response to Question 3b, attached hereto as Exhibit "D-2" regarding payments within 90 days to non-insiders, shows a total of $1,693,778.70

The answer to question 3c, regarding paymnents to insiders within a year, lists total payments to Alliacense of $2,411,921.54 and of $1,547,808.50 to PDS, as set forth in Exhibit D-3 hereto.

TPL is examining the extent to which all sums were paid within ordinary invoice terms and, if not, the extent to which defenses to an avoidance action might exist under the Bankruptcy Code.

A Chapter 7 trustee (or if the Plan is confirmed, the Creditor Trust Trustee) would examine the offset under the Amended Services Agreement pursuant to which TPL offset approximately $16.3 million of debt owed to Alliacense for unpaid services rendered with a $15 million obligation owed to TPL by Alliacense described herein. It is possible that the mutual offset of obligations between TPL and Alliacense may be challenged as avoidable under Bankruptcy Code section 553 as an offset with an Insider that was completed within one year of the filing of the case.

Avoidance of the offset may be a fruitless exercise: the transaction was effectuated by an accounting entry and did not involve either the transfer of funds or subsequent payment to Alliacense any different than the manner and amounts to Alliacense made prior to the offset. While the respective obligations of each of TPL and Alliacense could potentially be restored with Alliacense having a general unsecured Class 6A claim, TPL would then be in breach of the Amended Services Agreement. Collection activity against Alliacense might serve only to force it into a bankruptcy case and further increase administrative expenses.

Alliacense does not have cash reserves, or significant assets to sell. It is a service organization whose most valuable asset is its workforce. More importantly, Alliacense time records for the relevant time period were maintained and TPL believes that those records support the validity of the Alliacense claim and accordingly the offset. The Creditor Trust Trustee will

in any event retain the power to investigate and, if appropriate, prosecute any action to avoid or recover the offset.

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

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

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

3. Costs.

The costs of liquidation would include the expenses for administration of the estate such as the disposition of the physical equipment of TPL, payment of professional fees for the Chapter 7 trustee, and payment of the administrative fees from the Chapter 11 case, including the fees for the professionals retained by the Committee. As of September 2013, the total professional fees in the Chapter 11 case, not including the fees of the patent-litigation attorneys, are estimated to exceed $1.7 million, of which $1.2 million has not been paid. TPL has also incurred costs for extensive litigation support and licensing services from Alliacense during the bankruptcy case

(which, among other things, has yielded a multi-million license for TPL); Alliacense's possible claim for unpaid administrative claims is approximately $400,000.

4. Claims:

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

Secured: $10,598,844

Priority: $136,197

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 April 15, 2014	$1,600,000	Projected Available Cash as of April 15, 2014	$1,600,000
Projected 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**	Approximately 19% on unsecured claims of $58,900,000, assuming that all claimants in a Chapter 7 case are treated as general unsecured claims

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

A. 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.

B. 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 pivitol points. TPL believes that the recent stagnation is due largely to a "wait and see" approach being adopted by infringers who are waiting to see if TPL emerges from Chapter 11. TPL's management was concered that this

would be a result of the Chapter 11 filing, and has worked diligently to file a Plan and Disclosure Statement quickly. TPL believes that the negative impact to revenue of not having a confirmed Plan will continue until a Plan has been confirmed and an Effective Date set. Delay caused by a lengthy confirmation process not only increases actual costs related to professional fees, but opportunity costs of lost revenue generation as TPL believes the "wait and see" approach will continue to be utilized by infringers until TPL has emerged from Chapter 11 causing significant delays in revenue generation until that time. Once TPL emerges from Chapter 11, however, TPL believes it will continue to reap the benefits of the strategy it undertook in 2011 and revenues will rebound and be sufficient to pay all creditors in full.

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

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

TPL will from and after Confirmation reduce its annual operating budget to an amount not to exceed $3 million to cover employee salaries, overhead and litigation expenses related to the *Browns v. TPL* appeal and the *TPL v. GreenArrays* "Roe" litigation. Not included in the $3 million budget will be litigation and licensing expenses paid to third parties such as Agility Law Firm, Simon Law Firm, Bragalone Law Firm and Alliacense. The fees paid to these firms are primarily based on existing contingency agreements for a percentage of revenue, or adjusted revenue, plus some hourly litigation support and patent prosecution fees paid to Alliacense. In

addition to fees paid to these third parties, there will be additional fees paid to support the litigation for expert witnesses, document production and storage and trial expenses such as airfare, hotel and meals. Expenses associated with patent prosecution will also be in addition to the $3 million annual operating budget.

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

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

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

C. Assumptions Related to Forecasts.

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

1. Foundational Assumptions.

a. The forecast includes and is based upon estimates and predictions which are realistic in terms of the known facts as well as conservative in an effort to avoid triggering

expectations regarding possibilities which may or may not become realities regardless of any currently perceived likelihood.

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

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

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

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

f. Each of the individual licensing and litigation programs will also be impacted over the course of this forecast by events which specifically relate to its respective portfolio patents and the proceedings and transactions in which they are involved, causing each program in each portfolio to be impacted differently from time to time. Accordingly, the forecasted revenue for each has been allocated and spread differently over the forecast period to

reflect the effect of portfolio-specific events which are planned elements of the commercialization strategy being pursued for the specific portfolio.

2. MMP Assumptions.

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

b. The forecasts included as Exhibit B-1 are based on the following MMP-specific facts and assumptions:

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

Another material assumption TPL made with respect to the MMP revenue included in the forecast is that PDS will continue to be have the rights to license the MMP Portfolio. The Disclosure Statement details the history of the MMP Portfolio as well as the joint

venture relationship between Patriot Scientific and TPL and the nature of the rights of PDS with respect to licensing the Portfolio and of TPL with respect to litigation enforcement. If PDS is dissolved, then TPL and Patriot Scientific would each have the right to license the portfolio unless a different agreement were reached, and that could negatively impact TPL's revenues from the MMP Portfolio. In addition, there has been a history of litigation between Patriot and TPL, and if that begins again, it may negatively impact the portfolio revenues. Another material assumption TPL made with respect to MMP revenue is that Alliacense will continue to provide program management services to PDS under the terms of the existing services agreement between PDS and Alliacense. If Alliacense stops providing the services currently provided, or required a significant change in the terms of the existing agreement, TPL's MMP revenues could be significantly affected.

3. CORE Flash Assumptions.

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

b. The forecasts included as Exhibit B-1 are based on the following CORE Flash-specific facts and assumptions:

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

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

4. Fast Logic Assumptions.

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

b. The forecasts included as Exhibit B-1 are based on the following Fast Logic-specific facts and assumptions:

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

In addition, as with CORE Flash, TPL has assumed it continues to have the right to license the Portfolio, there are no successful attacks on validity of any asserted patent and

Alliacense continues to provide Program Management Services on the terms in the TPL-Alliacense Services Agreement.

5. 3D ART Assumptions.

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

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

6. Certain Cost Assumptions.

As stated above, revenue generation is dependent upon the services of Alliacense and TPL's forecast assumes Alliacense will continue to provide services on the terms of the Amended Services Agreement. It is also assumed that historical averages for Prosecution and Maintenance can be used to predict future costs, that patent maintenance fees do not materially change and that no portfolio identified above goes through significant reexamination activity at the USPTO. With respect to employee-related expenses, it is assumed that current employees will continue to work at their current salaries and that the cost of providing benefits to employees does not increase significantly. It is also assumed that

Alliacense continues to permit TPL to occupy a portion of its existing facility in exchange for a proportionate payment of the expenses related thereto.

D. Other Considerations

1. Accounting Basis.

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

The Quarterly Payments per the Forecast for 2014-2020 are estimated to total $39.4 million: $4.5 million in 2014, $9.8 million in 2015, $6.4 million in 2016, $6.4 million in 2017, $6.8 million in 2018, $4.0 million in 2019, and $1.5 million in 2020, respectively. Note that this represents the planned distribution to creditors under the Plan.

2. Summary of TPL's Operating Results Post-Bankruptcy

From the inception of the Chapter 11 reorganization through November 2013, TPL has generated approximately $6.4 million in revenue with expenses totaling $8.6 million, which includes $2.1 million attributable to professional fees and U.S. Trustee fees and $.875 million attributable to adequate protection payments. TPL has generated an additional $2.0 million of revenue to date in December, 2013. Professional fees are expected to dramatically decline after Plan confirmation, and there will be no payments for adequate protection or U.S. Trustee fees after the Plan effective. TPL's latest monthly operating report filed with the Court is attached hereto as Exhibit "E".

3. Summary of of Historical Operations and Revenues

Exhibit B-2 hereto details TPL's historical revenues dating back to 2006, the costs associated therewith, and the basis upon which TPL contends that the long-term historical view of the licensing potential of its portfolios supports feasibility.

4. Risks.

It is important to understand that TPL may not be making the right assumptions to accurately predict future revenues and expenses. In addition, unforeseen variables may significantly impact the forecast causing actual financial results to differ materially. Revenues are difficult to predict for many reasons: litigation outcomes are inherently unpredictable due to judicial discretion and jury inconsistency; outcomes from reexaminations at the USPTO are difficult to predict because there is no pre-determined timeframe for resolution and examiners can differ in their evaluation based on the same facts; it is difficult to predict market changes with respect to products utilizing the technologies; as well as a number of other factors. For example, if an asserted patent is found invalid, revenue possibilities for an entire portfolio may change dramatically. Similarly, a successful reexamination of a patent can increase the revenue possibilities for an entire portfolio significantly. TPL's expenses can also be difficult to predict. While certain expense items are relatively controllable and foreseeable, like costs related to employees, others are not, like costs to defend multiple reexamination attacks on a certain critical patent. Reexaminations of patents are typically initiated by infringing companies to delay the ultimate requirement of purchasing a license, or avoid it altogether. This process can be very lengthy and expensive and is hard to predict because it is based on the actions of other companies. In sum, the licensing business is inherently difficult to predict and

the assumptions used to prepare the forecast, as well as the forecast itself, should be considered with these risks in mind.

IX. DISCLOSURE OF POST-CONFIRMATION MANAGEMENT

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

X. FEDERAL INCOME TAX CONSEQUENCES OF PLAN FOR CREDITORS

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

The federal tax consequences of the Plan to a hypothetical creditor typical of the holders of claims or interests in this case depend to a large degree on the accounting method adopted by that hypothetical creditor. A "hypothetical creditor" in this case is defined as a general unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the accrual method and who has posted its original sale to TPL as income at the time of the product sold or the service provided hypothetically should adjust any net operating loss to reflect the amounts paid by TPL under the Plan provided that holder previously deducted the liability to TPL as a "bad debt" for federal income tax purposes. Should that holder lack a net operating

loss, then in accordance with federal income tax provisions, the holder should treat the dividend paid as ordinary income, again provided the holder previously deducted the liability to TPL as a "bad debt" for federal income tax purposes. If the accrual basis holder of the claim did not deduct the liability as a "bad debt" for federal income tax purposes, then the amount paid by TPL has no current income tax implication. A holder of a claim that uses a cash method of accounting would, in accordance with federal income tax laws, treat the amount paid as income at the time of receipt.

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

XI. CONCLUSION

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

Dated: February 14, 2014 TECHNOLOGY PROPERTIES LIMITED, LLC

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

Its: Responsible Corporate Individual

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Dated: February 14, 2014 BINDER & MALTER

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

Attorneys for Debtor Technology Properties Limited, LLC