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 8

9 **UNITED STATES BANKRUPTCY COURT**
 10 **NORTHERN DISTRICT OF CALIFORNIA**
 11 **SAN JOSE DIVISION**

12 In re:)
)
 13 **TECHNOLOGY PROPERTIES LIMITED LLC,**)
fka TECHNOLOGY PROPERTIES LIMITED)
 14 **INC., A CALIFORNIA CORPORATION,**)
fka TECHNOLOGY PROPERTIES LIMITED,)
 15 **A CALIFORNIA CORPORATION,**)
)
 16 Debtor.)
)
 17)
)
 18)
)
 19)

Case No. 13-51589-SLJ-11
 Chapter 11
 Date: February 26, 2014
 Time: 2:00 p.m.
 Place: United States Bankruptcy Court
 280 S. First Street, Room 3099
 San Jose, CA 95113
 Judge: Honorable Stephen L. Johnson

20 **DISCLOSURE STATEMENT**
 21 **FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION**
(FEBRUARY 14, 2014)
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1 **ARTICLE I.**

2 **INTRODUCTION.**

3 This Disclosure Statement (the “Disclosure Statement”) has been prepared by the Official
4 Committee of Unsecured Creditors (the “Committee”) of the bankruptcy estate of Technology
5 Properties Limited, LLC (the “Debtor” or “TPL”). This Disclosure Statement is provided in
6 connection with the solicitation of acceptances of the OFFICIAL COMMITTEE OF UNSECURED
7 CREDITORS’ PLAN OF REORGANIZATION (DATED DECEMBER 17, 2013) (the “Plan”). The purpose of
8 the Disclosure Statement is to provide adequate information of a kind, and in sufficient detail, as far
9 as is reasonably practicable in light of the nature and history of the Debtor and the condition of the
10 Debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders
11 of Claims¹ and Interests to make an informed judgment about the Plan. An acceptance or rejection
12 of the Plan must be in writing and may only be made by completing the Ballot that accompanies the
13 Plan. In order for your vote to be counted, it must be received no later than _____. See Article
14 XVI below for additional voting instructions.

15 This Disclosure Statement includes, among other things, a brief history of the Debtor, a
16 summary of its Bankruptcy Case, a description of the Claims against and Interests in the Debtor, a
17 summary of the Plan, a discussion of the Plan’s feasibility and a liquidation analysis setting forth
18 what holders of a Claim against or Interest in the Debtor would recover if the Debtor was
19 immediately liquidated under Chapter 7 of the Bankruptcy Code.

20 **UPON BANKRUPTCY COURT APPROVAL OF THE PLAN, THE PLAN WILL BE**
21 **BINDING ON ALL CREDITORS AND INTEREST HOLDERS. THEREFORE, IT IS**
22 **IMPORTANT THAT CREDITORS AND INTEREST HOLDERS READ AND CAREFULLY**
23 **CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN.**

24 The Committee requests that you vote promptly for the Plan upon carefully reviewing the
25 accompanying materials. For the reasons discussed in Section IV.A, the Committee believes that the
26 restructuring contemplated by the Plan will yield a recovery to Creditors that is greater and more
27 certain than the return that could be achieved through the DEBTOR’S PLAN OF REORGANIZATION
(DATED DECEMBER 9, 2013) (the “Debtor’s Plan”) or a liquidation under Chapter 7 of the

28 _____
¹ Terms not defined herein shall have the meaning ascribed to them in the Plan.

1 Bankruptcy Code.²

2 If you have any questions regarding the procedures for voting, or any questions concerning
3 your treatment under the Plan, please contact the Committee's bankruptcy counsel whose contact
4 information is provided at the top of the first page of this Disclosure Statement.

5 The Committee reserves the right to amend, modify, or supplement the Plan at any time
6 before confirmation (approval) of the Plan, provided that such amendments or modifications do not
7 materially alter the treatment of, or Distributions to, Creditors and the Interest holder under the Plan.

8 **THIS DISCLOSURE STATEMENT CONTAINS INFORMATION CONCERNING**
9 **YOUR CLAIMS OR INTERESTS. PLEASE READ THIS DOCUMENT WITH CARE. FOR**
10 **THE CONVENIENCE OF CREDITORS AND INTEREST HOLDERS, THIS DISCLOSURE**
11 **STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF**
CONTROLS OVER THIS SUMMARY. IF ANY INCONSISTENCIES EXIST BETWEEN
THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE
CONTROLLING.

12 **THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE**
13 **INDICATED, IS UNAUDITED. IN ADDITION, BECAUSE OF THE DEBTOR'S**
14 **FINANCIAL DIFFICULTIES AND BECAUSE THE PROPONENT OF THE PLAN IS THE**
15 **COMMITTEE RATHER THAN THE DEBTOR, THE INFORMATION CONTAINED**
16 **HEREIN MAY BE INCOMPLETE OR INACCURATE. FOR THE FOREGOING**
REASONS, THE COMMITTEE AND ITS PROFESSIONALS ARE UNABLE TO
WARRANT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY
INACCURACY. HOWEVER, GREAT EFFORT HAS BEEN MADE TO ENSURE THAT
ALL SUCH INFORMATION IS FAIRLY PRESENTED.

17 **THE PROFESSIONALS REPRESENTING THE COMMITTEE HAVE RELIED ON**
18 **INFORMATION PROVIDED BY THE DEBTOR IN CONNECTION WITH THE**
19 **PREPARATION OF THIS DISCLOSURE STATEMENT AND HAVE NOT**
20 **INDEPENDENTLY VERIFIED THE FACTUAL INFORMATION CONTAINED HEREIN.**
21 **THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED**
AS LEGAL, BUSINESS OR TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN
LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND RELATED
MATTERS CONCERNING YOUR CLAIMS OR INTERESTS.

22 **THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR**
23 **DISAPPROVED THIS DISCLOSURE STATEMENT, OR DETERMINED IF IT IS**
TRUTHFUL OR COMPLETE.

24 **ARTICLE II.**

25 **DEFINITIONS.**

26 All capitalized terms used but not defined herein, but defined in the Plan, have the meaning

27 ² In connection with the Debtor's Plan, the Debtor has filed the DISCLOSURE STATEMENT RE: TPL PLAN OF
28 REORGANIZATION (DECEMBER 23, 2013) (the "Debtor's Disclosure Statement") and its TPL PLAN OF REORGANIZATION
(the "Debtor's Plan"). Creditors are also urged to review these documents as well.

1 given in the Plan. If a term is not defined herein or in the Plan, but is defined in the Bankruptcy
2 Code, such term has the meaning given to that term in the Bankruptcy Code unless the context of the
3 Disclosure Statement clearly requires otherwise. References to a code section are references to the
4 Bankruptcy Code, except as otherwise stated.

5 **ARTICLE III.**

6 **OVERVIEW OF CHAPTER 11 AND PLAN.**

7 **A. The Chapter 11 Process.**

8 The filing of a Chapter 11 bankruptcy petition creates a bankruptcy “estate” comprised of all
9 of the property interests of the debtor. Unless a trustee is appointed by the Bankruptcy Court (no
10 trustee has been appointed in this Bankruptcy Case), a debtor remains in possession and control of
11 all of its assets as a “debtor in possession.” The debtor may continue to operate its business in the
12 ordinary course without Bankruptcy Court approval. The filing of the bankruptcy petition operates
13 as an “automatic stay” which, generally, enjoins creditors from taking any action to collect or
14 recover obligations owed by a debtor prior to the commencement of a Chapter 11 case. The
15 Bankruptcy Court can, however, grant relief from the automatic stay under certain specified
16 conditions or for cause.

17 A Chapter 11 debtor has a period of time following the commencement of the case in which
18 only it may propose a plan providing for the liquidation and administration of the assets of the
19 bankruptcy estate or for the reorganization of the debtor’s financial affairs and eventual emergence
20 from bankruptcy (the “Exclusivity Period”). A plan may either be consensual or non-consensual and
21 may provide for, among other things, the treatment of the claims of creditors and interests of equity
22 holders.

23 The Committee and the Debtor have engaged in discussions and negotiations to reach
24 agreement on a consensual plan since the beginning of the Bankruptcy Case. Due to, among other
25 things, the lack of progress of those negotiations, on December 5, 2013, the Bankruptcy Court, at the
26 request of the Committee, terminated the Exclusivity Period, allowing the Committee to propose and
27 file its own Plan. For the reasons set forth below in Section IV.A, the Committee’s Plan proposes
28 replacement of current management of the Debtor which has heretofore led the Debtor into its

1 present financial difficulties.

2 This Disclosure Statement and the accompanying Plan constitute the Committee's proposal
3 to effect a reorganization of the Debtor's financial affairs and to satisfy, discharge and/or cancel the
4 Claims asserted against the Debtor, in accordance with the relevant provisions of the Bankruptcy
5 Code.

6 **B. Creditors to Be Paid in Full Pursuant to Plan.**

7 The Plan provides for payment in full, with interest, to Creditors holding Allowed Claims
8 over a period not to exceed five years (subject to an extension of six months upon Steering
9 Committee approval, and subject to further extension upon Bankruptcy Court approval).
10 Distributions to most Creditors will occur quarterly, commencing after the expiration of a full
11 calendar quarter following the Effective Date (i.e., the first Distribution will not occur earlier than
12 ninety (90) days following the Effective Date).

13 **C. Overview of the Plan.**

14 A copy of the Plan accompanies this Disclosure Statement. The summary of the material
15 provisions of the Plan herein is intended only to provide a general description of the Plan and is
16 qualified in its entirety by the specific provisions of the Plan, including the Plan's definitions of
17 certain terms used below. For more specific information concerning the Plan, refer to the Plan.

18 *Please carefully consider these alternatives. The Debtor believes that its current*
19 *management and business plan will yield recoveries sufficient to pay all creditors in full. The*
20 *Committee believes that current management will not achieve this result and needs to be replaced*
21 *and the business plan be adapted and that confirmation of the Committee's Plan will yield*
22 *recoveries that will far exceed recoveries under the Debtor's Plan or in a Chapter 7 case.*
23 *Accordingly, the Committee urges all Creditors to vote for the Plan.*

24 **D. Confirmation Hearing.**

25 The Bankruptcy Court will conduct a hearing to consider confirmation of the Plan. Creditors
26 and parties in interest will receive a notice accompanying this Disclosure Statement identifying the
27 date, time and place of the Confirmation Hearing, and identifying the requirements for filing and
28 serving objections, if any, to confirmation of the Plan.

1 The Confirmation Hearing may be adjourned from time to time without further notice except
2 for the announcement of the adjournment date made at the Confirmation Hearing or any
3 subsequently adjourned Confirmation Hearing.

4 **ARTICLE IV.**

5 **HISTORY AND PRESENT POSTURE OF THE BANKRUPTCY CASE.**

6 **A. History and Description of the Business.**

7 **1. The Debtor's Operations.**

8 According to the Debtor, TPL was founded in 1988, initially as a corporation, in order to
9 develop, license, and manage proprietary technology for the benefit of the technologies owners, a
10 process referred to generally as "commercialization". The initial technology that TPL
11 commercialized is called the Moore Microprocessor Portfolio (the "MMP Portfolio") and is named
12 after inventor Charles H. Moore ("Charles Moore"). This technology is widely recognized as a
13 fundamental building block of all microprocessor-based products. TPL also commercializes several
14 other portfolios, including the Fast Logic portfolio, which relates to high-speed logic circuits, and
15 the CORE Flash portfolio, relating to flash-media cards. TPL is also engaged in developing products
16 based upon other patent portfolios, though this is a smaller part of its business. TPL is a California
17 limited liability company whose sole member and manager is Daniel E. Leckrone ("Dan Leckrone").
18 Since 2008, TPL has outsourced all of its licensing obligations under the commercialization
19 contracts to Alliacense Limited, LLC ("Alliacense"), whose sole member is Dan Leckrone. Until
20 June 2013, Alliacense was managed by Dan Leckrone. Mr. Leckrone's son, Daniel M. Leckrone
21 ("Mac Leckrone") is the current President of Alliacense.

22 TPL's primary business is to maximize the value of patent portfolios. Beginning in 2008, at
23 a time when TPL was not paying its creditors, TPL assigned its non-MMP patent portfolios to
24 entities formed and controlled by Dan Leckrone (the "Leckrone Entities") in exchange for the
25 exclusive rights to commercialize the portfolios. Under this arrangement, typically, TPL was
26 granted an exclusive license to commercialize a portfolio of patents in exchange for payment of a
27 percentage of the revenue (65% of gross proceeds not to exceed 80% of net) to the Leckrone Entity.
28 (The Debtor asserts that no payments have been made to the Leckrone Entity under this provision).

1 According to the Debtor's Disclosure Statement, TPL then identifies companies whose
2 products infringe the patents and works to license the technology to them. However, as set forth in
3 the Debtor's Disclosure Statement, TPL has outsourced all of its obligations to Alliacense under the
4 commercialization agreements, explaining that "TPL contracts with Alliacense ... as its vendor to
5 provide TPL with much of the needed technical expertise and marketing services." According to the
6 Debtor, prior to 2007, Alliacense was part of the "TPL Group" which is a "marketing denomination"
7 for the Debtor and related entities. Alliacense was formed as a Nevada corporation in 2005 and was
8 merged into an existing Delaware LLC (named Alliacense LLC) in December 2008.

9 TPL also generates revenues through prosecution of litigation against infringing companies
10 that refuse to license patented technology. According to the Debtor, this aspect of the business
11 became necessary beginning in approximately 2011 because of changes in management styles in the
12 industry and new legislation. The Debtor claims that TPL is currently litigating extensive claims
13 involving the MMP Portfolio, the Core Flash Portfolio, and the Fast Logic Portfolio against over 30
14 major corporations. Complaints have been filed in the US International Trade Commission ("ITC"),
15 the United States District Court for the Eastern District of Texas, the District of Delaware, and the
16 Northern District of California. While TPL is the plaintiff in the non-MMP litigation, it has
17 "contracted" with Alliacense to provide litigation support services. Thus, TPL has outsourced
18 virtually all of its operations to Alliacense.³

19 Despite outsourcing all operations of the Debtor to Alliacense, the Debtor continues to
20 employ a bloated staff at an annual cost of over \$3 million annually, performing tasks that are clearly
21 not necessary for its limited, if non-existent, operations. Dan Leckrone is paid \$480,000 a year.
22 Dwayne Hannah and Susan Leckrone Anhalt are the Debtor's Chief Financial Officer and Legal
23 Counsel, respectively, but also provide services for the benefit of Alliacense. Janet Neal is
24 responsible for "organizing, scheduling, preparing and following-up on all activities of the Office of
25 the Chairman..."⁴ These duties are similar to those of an administrative assistant, for which she is
26 paid \$250,000 annually. Other benefits provided her include payment for private school for her

27 ³ The Debtor discusses its relationship with Alliacense in the Debtor's Disclosure Statement, Sections II.B.3
28 and II.B.4, at pp. 68-72.

⁴ See Exhibit C to the Debtor's Disclosure Statement.

1 child. The employee roster for this 11-person company includes an HR person at \$92,000 per year,
2 an IT person at \$114,000 per year; a “Director of Tax” at \$150,000 per year; an executive assistant at
3 \$82,000 per year; an unidentified person as a “Misc. Consultant” at \$48,000 per year; and a “Chief
4 IP Counsel” at \$97,000 per year.

5 Not only does the Debtor pay salaries for unnecessary personnel or to employees who
6 perform work for Alliacense, TPL asserts that it must pay employee incentive claims totaling almost
7 \$9 million to Alliacense employees or to the Debtor’s employees who perform work for Alliacense.
8 In addition, the Debtor claims that it has entered into agreements with Dan Leckrone’s three children
9 pursuant to which the children were granted a three percent (3%) interest in a revenue stream from
10 certain patent portfolios, pursuant to which the children have now filed Proofs Of Claims totaling
11 over \$24 million. In fact, the Debtor transferred \$3.2 million supposedly as payment of the
12 children’s share of the revenue stream, but which in actuality was transferred to Dan Leckrone as a
13 distribution and which was for the purpose of provided a “capital reserve” for TPL, which appears
14 never to have been set up and the monies apparently used elsewhere.

15 The Debtor claims in its Disclosure Statement that it has reaped over \$340 million in
16 revenues since 2007. Yet, the Debtor did not pay its unaffiliated creditors and filed this case with
17 over \$70 million in debt. Chuck Moore, the Co-inventor of the MMP portfolio was forced to file a
18 lawsuit against Debtor in 2009 due to nonpayment of royalties to which he was entitled. Current
19 management blames its financial difficulties on changes in the law and on the failed business
20 strategy of Dan Leckrone’s wholly owned company IntellaSys. While current management
21 apparently is trying to shift the blame to IntellaSys’ general manager, it can be assumed that current
22 management, under the guise and leadership of its CEO and Chairman, Dan Leckrone was behind
23 the project and pushed it forward or if not, did not take any actions to discourage it and did not make
24 the needed overhead changes to reduce its spending.

25 Current management has not been able to adapt to the changing legal landscape. Annual
26 revenues from licensing activities have dropped from \$27 million in 2008 to only \$10 million
27 annually in years 2010, 2011 and 2012. As noted above, TPL has taken extraordinary steps to shift
28 the IP assets to companies owned by Dan Leckrone and transferred money to insiders at a time when

1 TPL was not paying its non-insider creditors. TPL needs new management to properly control its
2 expenses, pay its current vendors as their bills become due and manage a prompt repayment program
3 to its creditors. The Committee believes that, among other things, due to TPL's continuing losses,
4 the mismanagement of its business, and the inherent conflicts existing as a result of common
5 ownership of a "vendor" of services charging premium prices to the Debtor, current management
6 must be replaced in order to repay creditors. The Committee's Plan does exactly this.

7 **2. Events Precipitating the Bankruptcy Filing.**

8 The Debtor's Disclosure Statement asserts that TPL's slide into bankruptcy arose from
9 "TPL's cash flow and liquidity [having] suffered over the past five years for two primary reasons,
10 the first resulting from a change in the intellectual property business environment, and the second as
11 a result of the failed business strategy of IntellaSys". The bankruptcy filing was precipitated by the
12 immediate threat of the entry of the Browns Judgment of \$10 million constituting the Browns Claim.

13 **B. Summary of Events During The Bankruptcy Case.**

14 **1. Commencement of the Bankruptcy Case.**

15 On March 20, 2013 (the "Petition Date"), the Debtor filed its Voluntary Petition under
16 Chapter 11 of the Bankruptcy Code. Presently, the Debtor is operating as a debtor in possession
17 pursuant to the provisions of Sections 1107 and 1108 of the Bankruptcy Code. The Debtor's counsel
18 is as follows:

19 Heinz Binder
20 Robert G. Harris
21 Binder & Malter, LLP
22 2775 Park Avenue
23 Santa Clara, CA 95050

24 **2. Official Unsecured Creditors' Committee.**

25 The Committee was appointed in the Bankruptcy Case on June 17, 2010 and consists of the
26 following members: Chester A. Brown, Jr. and Marcie Brown, Patriot Scientific Corp., Beresford &
27 Co., the Former Chipscale Shareholders, Farella Braun & Martel, LLP, the Estate of James
28 Kirkendall and Dr. Zlatan Ribic GmbH.

///

1 The Committee's counsel is as follows:

2 John Walshe Murray
3 Dorsey & Whitney LLP
4 305 Lytton Avenue
5 Palo Alto, CA 95014

6 **3. Appointment of Responsible Person.**

7 The Local Rules require in business cases that an individual be designated by the Court as the
8 natural person to act on behalf of the business in the Bankruptcy Case. Pursuant to an order entered
9 by the Bankruptcy Court on March 25, 2013, Daniel E. Leckrone, the sole member of the Debtor,
10 was appointed the Responsible Person in the Bankruptcy Case.

11 **4. Retention of Professionals.**

12 During the Bankruptcy Case, the Debtor has employed Binder & Malter, LLP, as its general
13 bankruptcy counsel to assist it in its reorganization efforts. In addition, pursuant to the Debtor's
14 motions, the Court appointed the following professionals: Agility IP Law, LLP, the Simon Law
15 Firm, P.S., Bragalone Conroy, PC, Farnan LLP, Ropers Majeski Kohn & Bentley, Adelson, Hess &
16 Kelly APS, and Henneman & Associates, all as its special counsel, and Fulop Business Tax
17 Services, as its accountant.

18 The Committee has employed Dorsey & Whitney LLP as its counsel during the Bankruptcy
19 Case.

20 **5. Allowance of Fees of Court-Appointed Professionals.**

21 To date, there have been no applications filed for the allowance of fees of the Court-
22 appointed professionals.

23 **6. Use of Cash Collateral.**

24 Since the Petition Date, the Debtor has been authorized to use cash collateral.

25 **7. Bankruptcy Administration Matters.**

26 The Debtor has brought and has agreed to various motions for relief from stay to allow it to
27 continue to prosecute and defend certain litigation matters.

28 After a contested hearing, the Debtor and the Committee agreed on a protocol for the Debtor
to seek the consent of a subcommittee of the Committee (the "Settlement Committee") to enter into
any settlements with infringers or agreements to license the Patent Portfolios. This protocol is

1 reflected in the Court's Order on Motion Regarding Settlement Procedures (the "Settlement Protocol
2 Order") entered on May 7, 2013.

3 **8. Assets.**

4 TPL has listed in its Schedules a value for its assets of \$4,429,183.31; however, this total
5 excludes claims, rights, and general intangibles the value of which TPL contends is presently
6 impossible to estimate precisely. Assuming that TPL's various patent portfolios can be fully
7 commercialized through licensing programs for clients and infringement suits against violators over
8 time, TPL has contended that its assets are worth well in excess of \$100 million

9 **9. Liabilities.**

10 TPL lists in Schedules D, E, and F, respectively, secured claims totaling \$9,700,896,
11 unsecured priority claims totaling \$8,972,356.03, and general unsecured claims totaling
12 \$49,936,736.33.

13 **10. Nonbankruptcy Events**

14 During the pendency of the Bankruptcy Case, several judicial decisions have been entered.
15 In the Debtor's ongoing litigation before the ITC alleging infringement of claims of the US'336
16 patent within the MMP portfolio, only three out of over 20 named defendants settled by purchasing
17 licenses under the patent. In September 2013, the ITC issued a decision finding that none of the over
18 20 named defendants had infringed any of the claims. In October 2013, in the litigation on the same
19 issues in the Northern District of California, the District Court ruled in favor of the Debtor against
20 HTC Corporation, but only a tenth of the requested damages were awarded to TPL.⁵ (Notably, at
21 trial, in response to arguments that damages should be limited based on settlements entered into with
22 other licensees and one license in particular, Dan Leckrone had to admit that the particular
23 settlement with that licensee was not comparable because the low settlement was agreed to as a
24 result of TPL's financial condition.

25 In sum, out of the promise of this potential licensing revenue stream, the Debtor
26 consummated only three licenses and was awarded only a fraction of potential damages. In light of
27 the Debtor's business model as described above – to identify infringing companies, compel them to

28 ⁵ The Debtor discusses these proceedings in the Debtor's Disclosure Statement, Section II-B-2 at pp. 15-18.

1 purchase licenses or prosecute claims of infringement - these outcomes confirm a failed business
2 strategy of Debtor. While the Debtor claims that the current bankruptcy is impeding settlements, the
3 Committee believes that this is a result indicative of the toxicity associated with the Debtor's current
4 management. Potential licensees are averse to engaging in negotiations with the Debtor's
5 management, and this aversion is now reinforced by the minimized risk portended by the outcome of
6 the Northern District of California ruling and the testimony provided during that trial. Replacement
7 of management, which the Committee's Plan proposes, is the only means to ameliorate this problem.

8 In addition to the foregoing, in December 2013, the ITC issued a decision (the "ITC
9 Decision") in a case involving the Debtor, finding that the Debtor's and Alliacense's licensing
10 activities are insufficient to meet the existence of a "domestic industry" required to establish the
11 elements of 19 U.S.C. § 1337 ("Section 337"), the statute which forms the basis for the infringement
12 actions brought by the Debtor before the ITC.⁶ As a result of the landmark ITC Decision, future
13 litigation based on Section 337 requires the participation and cooperation of the inventor of the
14 subject patents such as Charles Moore with respect to the MMP patents. Without such involvement,
15 the Debtor and Alliacense are hamstrung, and TPL's business plan and present litigation strategy
16 may be invalidated. Notably, Charles Moore has expressed a willingness to participate as an
17 inventor in the instance the Debtor's current management is replaced.

18 **C. Secured Claims.**

19 **1. CCC**

20 CCC and TPL entered into an agreement in March of 2012 (the "Settlement Agreement") to
21 settle a lawsuit arising from TPL's lease of the property located at 20400 Stevens Creek Boulevard
22 in Cupertino California. (*Cupertino City Center Buildings v. Technology Properties Limited LLC*,
23 Superior Court of California, County of Santa Clara Case No. 110-CV-186192). Under the
24 Settlement Agreement, TPL promised to pay CCC a total of \$1.3 million in installments at \$50,000
25 per month over time. This promise was secured by a continuing security interest in TPL's share of
26 the proceeds of the following of certain portfolios. CCC claims to have perfected its security interest
27 by filing a UCC-1 with the California Secretary of State on February 27, 2012.

28 ⁶ See Debtor's Disclosure Statement Section II-B-1 at pp. 14-15.

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2. Venkidu.

Mr. Venkidu, TPL and other parties entered into a security agreement in April 2006 (the “Venkidu Security Agreement”), which related to a multi-party transaction including TPL and resulted in TPL obtaining certain rights with respect to a group of patents known variously as the "CORE Flash Portfolio" or the MCM Patent Portfolio .

Under the Venkidu Security Agreement, Mr. Venkidu was granted a security interest in the CORE Flash Portfolio. Mr. Venkidu recorded UCC-1 financing statements with the California Secretary of State of California and claims thereby to have perfected his security interests in the CORE Flash Portfolio and proceeds therefrom. Financing Statements were recorded in 2006 and, following expiration, again on April 12, 2012. During the Bankruptcy Case, the Court approved the granting of a security interest in the MMP Portfolio as additional adequate protection of his pre-petition security interest.

As of the date of commencement of this case, the debt claimed owing to Mr. Venkidu was approximately \$5.2 million. The Committee believes that no security interest attached to any asset of the Debtor given that no consideration was given by TPL in exchange for the grant of a security interest. Further, the Committee believes 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 Committee believes that these facts, among others, may constitute grounds on which to challenge the validity, priority and amount of this security interest.

3. Daniel E. Leckrone

Mr. Leckrone claims to have loaned in excess of \$3.8 million to TPL over the last 3 years. The initial loan of \$1 million was allegedly made in 2010. At that time the parties executed a security agreement that covered the current loan 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.

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4. Lien Priority

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.

D. The Debtor’s Unsecured Debts.

TPL lists in Schedules D, E, and F, respectively, secured claims totaling \$9,700,896, unsecured priority claims totaling \$8,972,356.03, and general unsecured claims totaling \$49,936,736.33.

Based on its preliminary review of general Unsecured Claims filed against the Debtor, the Committee has identified several instances, some of which are noted below, where the asserted Claim varies materially from the amount the Committee believes is owing. To the extent such creditors do not agree to amend their Claims or the parties do not reach a resolution regarding such Claims otherwise, the Committee has or intends to object to the asserted Claims prior to the Claims Objection Deadline.

E. Insider Employee Compensation Claims.

The Insider Employee Compensation Claims include Claims totaling almost \$9 million based on alleged incentive compensation agreements and are asserted by Janet Neal, Mac Leckrone, Dwayne Hannah, Michael Davis and Nicholas Antonopoulos. With the exception of Mr. Davis, all of the agreements were entered into between the claimants and the “TPL Group.” Mr. Hannah’s incentive compensation is based on an “oral” agreement since the original letter agreement did not include a provision for participation in any incentive compensation program. All compensation is based on a percentage of revenues received by Alliacense. The Committee believes that when Alliacense was allegedly formed as a separate company, it should have assumed these contracts. If these two companies are separate as the Debtor claims, the Insider Employee Compensation Claims should not exist as liabilities against the Debtor. All of these Claims were improperly assumed by

1 TPL. The Committee believes these Claims are invalid as against TPL and are Disputed Claims.⁷

2 Other Insider Employee Compensation Claims include Claims for unsubstantiated salary or
3 paid time off and therefore also are Disputed Claims.

4 **F. The “13%” Claims.**

5 On or about August 4, 2003, TPL entered into an agreement with Chester A. Brown, Jr. and
6 Marcie Brown pursuant to which TPL assigned a 3.5% interest in gross proceeds received by TPL
7 from commercialization of two portfolios. TPL breached this agreement by failing to turnover
8 proceeds in accordance with the agreement. The Browns obtained a judgment against TPL for
9 approximately \$10 million which is the basis of the Browns Claim. In early 2004, similar
10 agreements were entered into with James Kirkendall, Allen Marsh and Todd Kirkendall whom have
11 filed Claims totaling over \$1 million (collectively the “Kirkendall Claims”). The Committee Plan
12 proposes to approve these Claims with the treatment afforded herein provided that a portion of such
13 Claims are subordinated to Claims of unsecured creditors.

14 TPL also claims to have entered into similar agreements with Dan Leckrone’s three adult
15 children who have filed Claims in excess of \$24 million in the Bankruptcy Case (the “Insider 13%
16 Claims”). As is the case with the Insider Employee Compensation Claims, there are numerous
17 anomalies with these agreements, including the facts that the agreements were never fully executed,
18 that \$3.2 million was distributed to Mr. Leckrone as payments under these contracts, that the
19 Debtor’s accounting records do not validate receipt of the consideration supposedly provided, and
20 that the agreements were dated January 3, 2003 but the grants of assignment attached evidence of
21 patents that were not issued until July 2003. The Committee believes that these facts suggest that the
22 Insider 13% Claims arose from a scheme to divert cash from TPL while allowing a cash reserve to
23 be held by Mr. Leckrone rather than the Debtor. As a result, the Committee believes that the Insider
24 13% Claims are not valid. The Committee Plan proposes to approve these Claims with the treatment
25 afforded herein provided that they are subordinated to Claims of unsecured creditors.⁸

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27 ⁷ The incentive compensation agreements are discussed in the Debtor’s Disclosure Statement in Section VI.C at
pp. 72-73.

28 ⁸ The Debtor discusses these Insider 13% Claims in the Debtor’s Disclosure Statement in Section III.D, at pp.
29-31.

1 **ARTICLE V.**

2 **CLAIMS AND EQUITY INTERESTS AND TREATMENT UNDER THE PLAN.**

3 The Claims against and Interests in the Debtor, and their treatment under the Plan are
4 summarized below.

5 **A. Administrative Claims.**

6 **1. Description.**

7 Administrative Claims, generally, are claims that arise during the pendency of a Chapter 11
8 case and are entitled to priority in payment, pursuant to Section 507(a)(2) of the Bankruptcy Code.
9 These include Claims for: (a) any actual and necessary costs and expenses of preserving the
10 Bankruptcy Estate incurred on or after the Petition Date and through and including the Effective
11 Date, (b) any cure amounts that must be paid in connection with the assumption of any executory
12 contract or unexpired lease of the Debtor under Section 365 of the Bankruptcy Code, (c) fees due to
13 the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6), and (d) compensation for legal or other
14 services and reimbursement of expenses allowed by the Bankruptcy Court under Sections 330 and
15 331 of the Bankruptcy Code or otherwise.

16 **2. Administrative Claims – Estimate.**

17 The Debtor anticipates that the majority of Administrative Claims that will remain unpaid as
18 of the Effective Date will be the fees of the Debtor’s Professionals and the Committee’s
19 Professionals. The Debtor indicates that its other Administrative Claims include expenses entitled to
20 priority as administrative expenses under section 507(a) of the Bankruptcy Code.

21 The Debtor’s Monthly Operating Report for the month ending October 2013 indicates that
22 the accrued, unpaid fees and expenses for the Debtor’s Professionals and the Committee’s
23 Professionals through October 31, 2013 total \$1,826,597, with another \$200,000 forecasted for
24 November 2013. It also indicates another \$14,795 for “Other Professional Fees” and “\$401,725” for
25 “Patent Prosecution/Maintenance” among other expenses.⁹

26 Additional fees and expenses will be incurred by some or all of these Professionals after the
27 dates indicated. All Professional fees through the Effective Date are subject to Court approval after

28 ⁹ The Debtor’s Disclosure Statement for the Debtor’s Plan estimated unpaid Professional Fees as of September 2013, at \$1.2 million, without including fees of its patent litigation counsel.

1 a hearing on notice to creditors. These amounts are expected to be paid on or about the Effective
2 Date.

3 Administrative Claims may also include a small amount of current expenses incurred in the
4 ordinary course of the Debtor's operations which will remain unpaid on the Effective Date. The
5 Reorganized Company will pay these expenses in the ordinary course of its business.

6 **3. Administrative Claims – Treatment.**

7 Except to the extent that the holder of a particular Administrative Claim has agreed to a
8 different treatment of such Claim, each holder of an Allowed Administrative Claim shall be paid in
9 cash, in full upon the later of: (a) the Effective Date; (b) if such Claim is initially a Disputed Claim,
10 if and when it becomes an Allowed Administrative Claim; and (c) if such Claim is incurred after the
11 Petition Date in the ordinary course of the Debtor's business, within such time as payment is due
12 pursuant to the terms giving rise to such Claim or as otherwise authorized by the Bankruptcy Court.

13 **4. Administrative Claims – Deadline for Requests for Payment.**

14 Any request for allowance of an Administrative Claim, other than Professional Fee Claims,
15 must be filed on or before the Administrative Claims Bar Date. If the holder of an Administrative
16 Claim does not file and serve a request for payment of such Claim on or before the Administrative
17 Claims Bar Date, the holder shall be forever barred from asserting such Claim or receiving any
18 payment on account of such Claim. Any objection to the allowance of an Administrative Claim
19 (excluding any Professional Fee Claims) shall be filed no later than the Administrative Claims
20 Objection Deadline. If no objection to the applicable Administrative Claim is filed on or before that
21 date, such Administrative Claim shall be deemed Allowed as of that date. The foregoing is in full
22 and final satisfaction of all Administrative Claims.

23 **B. Professional Fee Claims.**

24 **1. Description.**

25 Professional Fee Claims are Administrative Claims for the compensation and reimbursement
26 of expenses asserted by a Professional employed in the Bankruptcy Case pursuant to Section 327
27 and 1103 of the Bankruptcy Code or an expense reimbursement claim by a Committee member, and
28 incurred by such Professional or Committee member (to the extent Allowed under Section 328, 330,

1 331, or 503 of the Bankruptcy Code) through the Effective Date.

2 **2. Professional Fee Claims – Treatment.**

3 All final requests for payment of Professional Fee Claims must be filed with the Bankruptcy
4 Court and served on Reorganized Company, the Committee, the United States Trustee and other
5 parties as designated by the Bankruptcy Court or applicable rules no later than forty (40) days after
6 the Effective Date. After notice and a hearing in accordance with the procedures established by the
7 Bankruptcy Code and prior orders of the Bankruptcy Court in the Bankruptcy Case, if any, the
8 Allowed Amounts of such Professional Fee Claims will be determined by the Bankruptcy Court and,
9 once Allowed pursuant to entry of an order by the Bankruptcy Court, will be promptly paid by the
10 Reorganized Company. Objections to Professional Fee Claims must be filed and served on the
11 Reorganized Company and its counsel, if any, the Committee and its counsel, and the requesting
12 party no later than seven (7) days prior to the hearing on the applications for compensation by the
13 Professionals.

14 **C. Priority Tax Claims.**

15 **1. Description**

16 Priority Tax Claims are pre-petition Unsecured Claims by governmental units entitled to
17 priority under Section 507(a)(8) of the Bankruptcy Code. Proof of Claim number 5 filed by the
18 Franchise Tax Board in the amount of \$800.00 is the only Priority Tax Claim filed in the Bankruptcy
19 Case.

20 **2. Treatment.**

21 Except to the extent that the holder of a particular Priority Tax Claim has agreed to a
22 different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall be paid in
23 cash, in full upon the later of: (a) the Effective Date; and (b) if such Claim is initially a Disputed
24 Claim, if and when it becomes an Allowed Priority Tax Claim. The foregoing is in full and final
25 satisfaction of all Priority Tax Claims.

26 **D. Priority Claims**

27 **1. Description (Class 1 Under the Plan).**

28 Class 1 consists of Claims entitled to priority pursuant to Sections 507(a)(1) through (a)(7) of

1 the Bankruptcy Code, with the exception of any Administrative Claims. The Committee believes
2 that Class 1 is comprised of certain Claims of employees for unpaid PTO and wages, including
3 Claims asserted by Persons who are also holders of Insider Employee Compensation Claims. The
4 Committee estimates the aggregate amount of Allowed Priority Claims will total approximately
5 \$137,000.

6 **2. Treatment.**

7 Except to the extent that the holder of a particular Allowed Priority Claim has agreed to a
8 less favorable treatment of such Claim, each holder of an Allowed Priority Claim shall be paid in
9 cash, in full upon the later of: (a) the Effective Date; or (b) if such Claim is initially a Disputed
10 Claim, when and if it becomes an Allowed Claim. The foregoing is in full and final satisfaction of
11 all Class 1 Claims. To the extent the holder of an Allowed Priority Claim also holds an Allowed
12 Claim in excess of the amount of its Allowed Priority Claim, such excess shall be treated as an
13 Unsecured Claim in Class 6A or Class 6B, as applicable.

14 CLASS 1 IS UNIMPAIRED, AND THE HOLDER OF ALLOWED CLAIMS IN CLASS 1
15 IS CONCLUSIVELY PRESUMED, PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY
16 CODE, TO HAVE ACCEPTED THE PLAN.

17 **E. CCC.**

18 **1. Description (Class 2 Under the Plan).**

19 Class 2 consists of the CCC Claim.

20 **2. Treatment**

21 Pursuant to Section 1129(b)(2)(A)(i) of the Bankruptcy Code and the Cash Collateral Order,
22 CCC shall retain all valid and perfected liens, security interests and other encumbrances affecting
23 property of the Debtor or the Reorganized Company granted in favor of CCC prior to the Effective
24 Date, including those granted in the Cash Collateral Order, with respect to the CCC Claim to the
25 extent of the Allowed Secured Claim of CCC.

26 CCC shall receive on account of its Class 2 Allowed Secured Claim payment in full with
27 interest at the 5% interest rate set forth in that certain STIPULATION REGARDING USE OF CASH
28 COLLATERAL (CUPERTINO CITY CENTER) attached to the CCC Claim. Payment on account of the

1 Allowed Secured Claim of CCC shall occur in in four equal payments over four months after the
2 Effective Date. Upon full treatment of the Allowed CCC Claim accorded in this Class 2, all liens,
3 security interests and other encumbrances affecting property of the Debtor or the Reorganized
4 Company granted in favor of CCC shall automatically be extinguished and terminated.

5 The foregoing is in full and final satisfaction of all Class 2 Claims.

6 CLASS 2 IS UNIMPAIRED, AND THE HOLDER OF ALLOWED CLAIMS IN CLASS 2
7 IS CONCLUSIVELY PRESUMED, PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY
8 CODE, TO HAVE ACCEPTED THE PLAN.

9 **F. Daniel E. Leckrone.**

10 **1. Description (Class 3 Under the Plan).**

11 Class 3 consists of the Leckrone Claim.

12 **2. Treatment.**

13 Unless otherwise provided by order of the Bankruptcy Court, pursuant to Section
14 1129(b)(2)(A)(i) of the Bankruptcy Code and the Cash Collateral Order, Leckrone shall retain all
15 valid and perfected liens, security interests and other encumbrances affecting property of the Debtor
16 or the Reorganized Company granted in favor of Leckrone prior to the Effective Date, including
17 those in granted in the Cash Collateral Order, with respect to the Leckrone Claim to the extent of the
18 Secured Claim of Leckrone is an Allowed Claim.

19 The Class 3 Leckrone Claim is deemed a Disputed Claim by the Plan. Within 30 days of the
20 Effective Date, the Reorganized Company or the Committee shall file an objection to the Leckrone
21 Claim and/or commence an adversary proceeding to avoid, recharacterize and/or to subordinate such
22 Secured Claim.

23 After payment in full of the Allowed Secured CCC Claim in Class 2, the Reorganized
24 Company shall fund the Leckrone Claim Set Aside in the Disputed Reserve Account up to its full
25 amount from the Quarterly Payment; provided, however, that the Reorganized Company may, after
26 consultation with and obtaining written consent from the Steering Committee, fund the Leckrone
27 Claim Set Aside on a more frequent schedule (i.e., more often than once during each calendar
28 quarter) if the Reorganized Company in its business judgment, believes that such funding shall not

1 impair or affect the Reorganized Company's ability to satisfy its obligations under the Plan. The
2 Leckrone Set Aside shall accrue and remain until there is a Final Order determining the amount of
3 the Allowed Leckrone Claim; provided, however, that the Bankruptcy Court shall have the power to
4 reduce the amount of the Leckrone Claim Set Aside upon motion of any party in interest. When a
5 Final Order is entered determining the amount of the Allowed Leckrone Claim, the Leckrone Claim
6 Set Aside shall be used for payment of the Allowed Leckrone Claim, and the Leckrone Claim Set
7 Aside shall be terminated. To the extent there are funds in the Leckrone Claim Set Aside in excess
8 of the Allowed Amount of the Leckrone Claim, such excess funds shall be returned to the Claims
9 Trust Account for the funding of the next Quarterly Payment.

10 Subject to the immediately foregoing two paragraphs, Leckrone shall receive on account of
11 his Class 3 Allowed Secured Claim payment in full with interest as follows: Leckrone will receive
12 payment from the Leckrone Set Aside to the extent of the Allowed Amount of the Leckrone Claim,
13 which Allowed Amount shall include interest as agreed on between the Committee, Leckrone and
14 the Debtor, or as otherwise determined by the Bankruptcy Court. To the extent that the Allowed
15 Amount of the Leckrone Claim exceeds the amount of funds in the Leckrone Set Aside at the time of
16 final determination of such Allowed Amount, Leckrone shall then receive quarterly payments from
17 the Quarterly Payment until the Allowed Leckrone Claim has been paid in full; provided, however,
18 that the Reorganized Company may, after consultation with and obtaining written consent from, the
19 Steering Committee, make Distributions to Leckrone on a more frequent schedule (i.e., more often
20 than once during each calendar quarter) if the Reorganized Company in its reasonable business
21 judgment, believes that such funding will not impair or affect the Reorganized Company's ability to
22 satisfy its obligations under the Plan. Upon full treatment of the Allowed Leckrone Claim accorded
23 in this Class 3, all liens, security interests and other encumbrances affecting property of the Debtor
24 or the Reorganized Company granted in favor of Leckrone shall automatically be extinguished and
25 terminated.

26 The foregoing is in full and final satisfaction of all Class 3 Claims.

27 CLASS 3 IS IMPAIRED, AND THE HOLDER OF ALLOWED CLAIMS IN CLASS 3 IS
28 ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

1 **G. Venkidu.**

2 **1. Description (Class 4 under the Plan).**

3 Class 4 consists of the Venkidu Claim.

4 **2. Venkidu Claim – Treatment.**

5 Unless otherwise provided by order of the Bankruptcy Court, pursuant to Section
6 1129(b)(2)(A)(i) of the Bankruptcy Code and the Cash Collateral Order, Venkidu shall retain all
7 valid and perfected liens, security interests and other encumbrances affecting property of the Debtor
8 or the Reorganized Company granted in favor of Venkidu prior to the Effective Date, including
9 those in granted in the Cash Collateral Order, with respect to the Venkidu Claim to the extent of the
10 Secured Claim of Venkidu is an Allowed Claim.

11 After payment in full, or reservation for, the Allowed Secured Claims in Class 2 and Class 3,
12 Venkidu shall receive on account of his Class 4 Allowed Secured Claim, 65% of the Quarterly
13 Payment from the Claims Trust Account, until the Allowed Secured Venkidu Claim has been paid in
14 full together with 7% simple interest per annum. By voting in favor of the Plan, Venkidu consents
15 explicitly to the payment of the 35% of the Quarterly Payment to general unsecured Class 6A
16 creditors before he has been paid in full. As a condition to voting in favor of the Plan, Venkidu shall
17 receive a release of all claims against the Venkidu Claim, including any claims to challenge the
18 extent, validity and priority, or to seek subordination of, such Claim. The foregoing is in full and
19 final satisfaction of all Class 4 Claims.

20 CLASS 4 IS IMPAIRED, AND THE HOLDER OF ALLOWED CLAIMS IN CLASS 4 IS
21 ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

22 **H. Administrative Convenience Claims.**

23 **1. Description (Class 5 Under the Plan).**

24 Class 5 consists of Timely Filed Unsecured Claims of \$5,000.00 or less whose holders elect
25 on their Ballot to accept treatment pursuant to Class 5 under the Plan, and Timely Filed Unsecured
26 Claims of greater than \$5,000.00 whose holders elect on their Ballot to accept treatment pursuant to
27 Class 5 under the Plan and agree to reduce their respective Allowed Claims to \$5,000.00.

28 A preliminary review of the Debtor's Schedules and the filed Claims in the Bankruptcy Case

1 indicate that the total number of Claims in the amount of \$5,000.00 or less is 12, and the aggregate
2 amount of such Claims is approximately \$29,000.00.

3 **2. Administrative Convenience Claims – Treatment**

4 On the Effective Date, each holder of a Class 5 Allowed Administrative Convenience Claim
5 shall receive directly from the Reorganized Company a single cash payment in the amount its
6 Allowed Claim, not to exceed \$5,000.00, which payment shall be in full and final satisfaction of
7 each respective Class 5 Claim. If at the time Distributions are made to Class 5, a holder of a Class 5
8 Claim is a Disputed Claim, payment on the Claim shall be deferred until such time and to the extent
9 such Disputed Claim is Allowed.

10 CLASS 5 IS IMPAIRED, AND THE HOLDERS OF ALLOWED CLAIMS IN CLASS 5
11 ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

12 **I. General Unsecured Claims, Together With 50% of Each of the Non-Insider 13%
13 Claims.**

14 **1. Description (Class 6A under the Plan).**

15 Class 6A consists of general Unsecured Claims not included or provided for in any other
16 Class, including all Rejection Claims and all Unsecured Claims of vendors and trade Creditors for
17 goods delivered or services provided to the Debtor prior to the Petition Date. Class 6A also consists
18 of 50% of each of the Non-Insider 13% Claims.

19 The total amount of general Unsecured Claims listed in the Debtor's Schedules is
20 approximately \$50 million. The total amount of general Unsecured Claims filed by the Claims Bar
21 Date is approximately \$70 million, although this amount includes duplicate Claims and Claims
22 which the Committee believes are either invalid or overstated (see discussion at Sections IV-D, IV-E
23 and IV-F above). The Committee believes the total amount of Allowed Unsecured Claims in Class
24 6A will, after all objections have been resolved, approximate \$8 million.

25 **2. General Unsecured Claims, Together With 50% of Each of the Non-
26 Insider 13% Claims - Treatment.**

27 Holders of Class 6A Allowed Claims shall receive payment in full over time as follows:
28 Holders of Allowed 6A Claims will receive quarterly *pro rata* (together with holders of Allowed 6B

1 Claims subject to the treatment accorded in Class 6 below) payments of (i) 35% of the Quarterly
2 Payment until Allowed Claims in Class 2 and Class 3 have been paid, or reserved for, in full and (ii)
3 100% of the Quarterly Payment following the payment in full of, or reservation for, the Allowed
4 Claims in Class 1, Class 2, Class 3, Class 4, and Class 5, in accordance with the Schedule set forth at
5 Section VII-F-4 of the Plan. Holders of Class 6A Allowed Claims shall receive interest on their
6 claims from the Petition Date calculated at five percent *per annum* or such other rate as the
7 Bankruptcy Court may direct. The foregoing is in full and final satisfaction of all Class 6A Claims.

8 **J. Class 6B (Insider Employee Compensation Claims).**

9 **1. Description (Class 6B under the Plan).**

10 Class 6B consists of Insider Employee Compensation Claims.

11 **2. Insider Employee Compensation Claims - Treatment.**

12 The Class 6B Insider Employee Compensation Claims are each deemed a Disputed Claim by
13 the Plan. Unless a resolution is reached with the holder of a particular Insider Employee
14 Compensation Claim or unless a determination is otherwise made, subject to the terms of the Plan,
15 that a particular Insider Employee Compensation Claim should not be disputed, in which instance
16 such Insider Employee Compensation Claim shall be classified and accorded treatment in Class 6A,
17 before the Claims Objection Deadline, the Reorganized Company or the Committee shall file an
18 objection to each of the Insider Employee Compensation Claims and/or commence an adversary
19 proceeding to avoid, recharacterize and/or to subordinate such Insider Employee Compensation
20 Claim.

21 Holders of Class 6B Allowed Claims shall receive payment in full over time as follows: the
22 Reorganized Company shall fund the Insider Employee Compensation Claims Set Aside in the
23 Disputed Reserve Account from quarterly *pro rata* (together with payments to holders of Allowed
24 6A Claims) payments of (i) 35% of the Quarterly Payment until Allowed Claims in Class 2 and
25 Class 3 have been paid, or reserved for, in full and (ii) 100% of the Quarterly Payment following the
26 payment in full of, or reservation for, the Allowed Claims in Class 1, Class 2, Class 3, Class 4, and
27 Class 5, in accordance with the Schedule set forth at Section VII-F-4 of the Plan. Holders of Class
28 6B Allowed Claims shall receive interest on their Claims from the Petition Date calculated at five

1 percent *per annum* or such other rate as the Bankruptcy Court may direct.

2 The Insider Employee Compensation Claims Set Aside shall be funded up to the aggregate
3 amounts of such Claims with interest pursuant to the Plan, and shall accrue and remain until and to
4 the extent there is a Final Order determining the Allowed Amount of a particular Insider Employee
5 Claim; provided, however, that the Bankruptcy Court shall have the power to reduce the amount of
6 the Insider Employee Claim Set Aside upon motion of any party in interest. When a Final Order is
7 entered determining the amount of a particular Allowed Insider Employee Compensation Claim, the
8 Insider Employee Compensation Claim Set Aside shall be used for payment of such Allowed Insider
9 Employee Compensation Claim with the treatment accorded in Class 6A, and the Insider Employee
10 Compensation Claim Set Aside shall be reduced accordingly until such time as all Insider Employee
11 Compensation Claims are paid their full Allowed Amounts, plus interest. To the extent there remain
12 funds in the Insider Employee Compensation Claim Set Aside after payment of all Allowed
13 Amounts of the Insider Employee Compensation Claims, such excess funds shall be returned to the
14 Claims Trust Account for the funding of the next Quarterly Payment. The foregoing is in full and
15 final satisfaction of all Class 6B Claims.

16 CLASSES 6A AND 6B ARE IMPAIRED, AND THE HOLDERS OF ALLOWED CLAIMS
17 IN CLASSES 6A and 6B ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

18 **K. Class 7A (50% of Non-Insider 13% Claims).**

19 **1. Description (Class 7A under the Plan).**

20 Class 7A consists of 50% of each of all Non-Insider 13% Claims.

21 **2. Non-Insider 13% Claims - Treatment.**

22 Holders of Class 7A Allowed Claims shall receive payment in full over time as follows:
23 Holders of Allowed 7A Claims shall, if they vote to accept the Plan, be deemed Allowed in an
24 amount equal to 20% of their Claims, and following the payment in full of, or reservation for,
25 Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6, shall receive *pro rata*
26 (together with holders of Allowed 7B Claims) Distributions of 100% of the Quarterly Payment, up to
27 the full Allowed Amounts, together with interest at three percent *per annum* or such other rate as the
28 Bankruptcy Court may direct, in accordance with the timing and schedule set forth at Section VII-F-

1 4 of the Plan.

2 If Holders of Claims in Class 7A do not vote to accept the Plan, then each holder of Claims
3 in Class 7A shall be accorded treatment in Class 6A, subject to any Non-Insider 13% Claim in Class
4 7A being deemed a Disputed Claim. The foregoing is in full and final satisfaction of all Class 7A
5 Claims.

6 **L. Class 7B (Insider 13% Claims).**

7 **1. Description (Class 7B under the Plan).**

8 Class 7B consists of all Insider 13% Claims.

9 **2. Insider 13% Claims - Treatment.**

10 Holders of Class 7B Allowed Claims shall receive payment in full over time as follows:
11 Holders of Class 7B Claims shall, if they vote to accept the Plan, be deemed Allowed in an amount
12 equal to 20% of their Claims, and following the payment in full with interest of, or reservation for,
13 Allowed Claims in Class 1, Class 2, Class 3, Class 4, Class 5, and Class 6, shall receive *pro rata*
14 (together with holders of Allowed 7A Claims) Distributions of 100% of the Quarterly Payment, up
15 to the full Allowed Amounts, together with interest at three percent *per annum* or such other rate as
16 the Bankruptcy Court may direct, in accordance with the timing and schedule set forth at Section
17 VII-F-4 of the Plan.

18 If Holders of Claims in Class 7B do not vote to accept the Plan, then each holder of Claims in
19 Class 7B shall be accorded treatment in Class 7A; provided, however, that each Insider 13% Claim
20 in Class 7B shall be deemed a Disputed Claim under the Plan and shall not receive Distributions
21 under the Plan until entry of a Final Order determining the Allowed Amount of each particular
22 Insider 13% Claim.

23 The foregoing is in full and final satisfaction of all Class 7B Claims.

24 CLASSES 7A AND 7B ARE IMPAIRED, AND THE HOLDERS OF ALLOWED CLAIMS
25 IN CLASSES 7A and 7B ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

26 **M. Class 8 (Interests).**

27 **1. Description (Class 8 under the Plan).**

28 Class 8 includes all Interests. Daniel Leckrone is the sole holder of an Interest in the Debtor

1 and therefore is the sole member of Class 8.

2 **2. Interests – Treatment.**

3 On the Effective Date, all Interests in TPL, and all rights and powers which relate to, arise
4 from and are received and granted therefrom, shall be transferred to the Creditor Trust Trustee. At
5 such time as Allowed Claims in Classes 1, 3, 4, 5, 6 and 7 are paid in full, the Creditor Trust Trustee
6 shall, upon consultation with and after obtaining written approval from the Steering Committee,
7 transfer all Interests back to the Interest Holder.

8 The Interest Holder shall, upon the Effective Date, lose all rights to control the management
9 and governance of the Debtor and such rights shall become vested in the Steering Committee,
10 subject to the terms of the Plan. The foregoing is in full and final satisfaction of all Class 8 Interests.

11 CLASS 8 IS IMPAIRED, AND THE HOLDER OF INTERESTS IN CLASS 8 IS
12 ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

13 **ARTICLE VI.**

14 **IMPLEMENTATION OF THE PLAN.**

15 **A. Business Operations and Expenses of the Reorganized Company.**

16 Under new management, the Reorganized Company will continue TPL's business operations
17 including TPL's existing licensing and litigation activities and coordinating MMP activities with
18 PDS.

19 The Reorganized Company shall reduce its annual operating budget for employee salaries,
20 overhead, and all operating expenses to no greater than \$1,000,000 until such time as holders of
21 Allowed Claims in Classes 1, 2, 4, 5, 6 and 7A are paid in full. The Reorganized Company shall be
22 permitted to establish the WCR, which shall be funded by withholding from revenue the Quarterly
23 Payment up to \$1,000,000 over no fewer than two full calendar quarters after the date of entry of the
24 Confirmation Order. At any time in which the WCR is reduced from \$1,000,000, the Reorganized
25 Company may replenish the WCR up to \$1,000,000. The Reorganized Company shall not withdraw
26 any funds from the WCR and shall not replenish the WCR without first consulting with and
27 obtaining written approval from the Steering Committee, or, absent such approval, an order from the
28 Bankruptcy Court approving such withdrawal or replenishment, as applicable.

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B. New Management

On the Effective Date and pursuant to the Confirmation Order, the Committee shall establish the Steering Committee. The Steering Committee shall be responsible for the management of the Reorganized Company's business and affairs and shall supervise the Manager and other officers. With the exception of the Committee Claims, the Steering Committee shall oversee and direct the Creditor Trust Trustee in administering the Creditor Trust. The Steering Committee shall be authorized and empowered to hire, supervise and, subject to the Notice Procedure and the terms of the Plan as discussed at Section VI-I below, dismiss and replace the Manager without further Bankruptcy Court approval. The Steering Committee shall be authorized and empowered to select individuals to fill vacant seats on the PDS Management Committee, including the seat vacated by Leckrone pursuant to the Plan, subject to the applicable terms of the management agreement between TPL, Charles Moore, Patriot and PDS. The Steering Committee shall act as a fiduciary of the Reorganized Company and shall have the power and responsibility to approve major company actions, including the settlement of Avoidance Actions and Retained Claims, disposing of major assets or altering the structure of the Reorganized Company. In addition to the supervisory and approval powers and obligations set forth in the Plan, the Steering Committee shall also have the power and responsibility, in its discretion, to require the Manager to obtain Steering Committee approval for non-major company actions including, without limitation, entering into any acquisition, licensing, financing, employment, settlement or other contractual arrangement. In the event a member of the Steering Committee resigns or his/her seat otherwise becomes vacant, the remaining members shall, subject to the Notice Period, shall appoint a replacement.

On the Effective Date, Dan Leckrone shall be terminated as manager and Chairman of TPL, as a member of the PDS Management Committee, and in any other capacity in which he serves any supervisory, managerial, officer or decision making role for TPL, until such time as Allowed Claims in Classes 1, 2, 4, 5, 6 and 7A are paid in full pursuant to the Plan. Subsequent to payment of all Allowed Claims in Classes 1, 2, 4, 5, 6 and 7A in full with interest pursuant to the Plan, Dan Leckrone may be permitted by Bankruptcy Court order, to be restored to any such roles as they existed prior to the Effective Date.

1 On the Effective Date, or as soon as reasonably practicable thereafter, the Steering
2 Committee shall appoint the Manager. The Manager, under the supervision of the Steering
3 Committee, shall have the duty and power to manage the day-to-day operations of the Reorganized
4 Company. Among other things, the Manager, in consultation with the Steering Committee, shall be
5 authorized to evaluate the Reorganized Company's staffing needs, to dismiss any employees,
6 consultants and officers that she/he deems unnecessary in her/his business judgment, and to retain,
7 hire or contract with any employees, consultants she/he deems necessary in her/his business
8 judgment; shall review and evaluate TPL's books and records; shall ensure all expenditures are
9 properly accounted for and are "ordinary and necessary" pursuant to generally accepted accounting
10 principles.

11 The Manager shall confer with and obtain written approval from the Steering Committee
12 prior to pursuing any new business endeavors and prior to selling, transferring or licensing any TPL
13 assets. The Manager shall also confer with and obtain Steering Committee approval prior to
14 pursuing and consummating any other major company actions and any other actions for which the
15 Steering Committee, in its discretion, may require approval.

16 The Manager and the Steering Committee shall remain in place and in control of the
17 Reorganized Company, with all of the rights powers provided to them under the Plan, until such time
18 as Allowed Claims in Classes 1, 2, 4, 5, 6, and 7A are paid in full with interest under the Plan.

19 **C. Creditor Trust and Creditor Trust Trustee**

20 On the Effective Date, the Reorganized Company shall, in consultation with and after
21 obtaining written approval from the Steering Committee, establish the Creditor Trust for the purpose
22 of holding the Interests of the Interest Holder, holding the Unsecured Claimants' Security Interest
23 for the benefit of holders of Allowed Unsecured Claims, disbursement of the Distributions and
24 investigating and as appropriate file objections to the Committee Claims. The Creditor Trust Trustee
25 shall be appointed by the Steering Committee subject to the Notice Procedure and shall manage the
26 Creditor Trust and shall act with the care, skill, prudence and diligence under the circumstances then
27 prevailing that a prudent man acting in a like capacity and familiar with such matters would use in
28 the conduct of an enterprise of a like character and with like aims. With the exception of the

1 Committee Claims, the Creditor Trust Trustee shall take direction from the Steering Committee in
2 administering the Creditor Trust.

3 The Creditor Trust Trustee shall investigate and, if appropriate in her/his business judgment,
4 object to the Committee Claims. The Creditor Trust Trustee shall act independently (i.e., without
5 direction from the Steering Committee) in investigating and objecting to the Committee Claims.
6 Other than the Debtor or the Reorganized Company whose rights to file objections to the Committee
7 Claims are expressly preserved, the Creditor Trust Trustee shall have the sole authority to investigate
8 and if appropriate file objections to the Committee Claims.

9 As set forth at Section J below, the Creditor Trust Trustee shall act as the Disbursing Agent
10 responsible for disbursing payments to the holders of Allowed Claims pursuant to the terms of the
11 Plan.

12 The Reorganized Company shall, in consultation with and after obtaining written approval
13 from the Steering Committee, pay reasonable compensation to the Creditor Trust Trustee.

14 **D. Grant of Security Interest for the Benefit of Holders of Allowed Unsecured**
15 **Claims**

16 To secure the Reorganized Company's performance of the Plan, on or before the Effective
17 Date, the Reorganized Company shall execute and file a security agreement and all other necessary
18 documents to effect the grant of the Unsecured Claimants Security Interest to the Creditor Trust
19 Trustee. Among other terms and conditions agreed to by TPL and the Committee, the security
20 agreement shall provide the Creditor Trust Trustee with, in the event of a termination of the Plan
21 (i.e., conversion to Chapter 7) or a breach of the Plan that is not cured pursuant to the cure
22 procedures set forth in Article XV of the Plan the right to sell, foreclose, license, lease, hypothecate
23 and transfer the Reorganized Company's property without need for further Bankruptcy Court order,
24 subject to applicable law.

25 The Unsecured Creditors' Security Interest shall be subordinate to all existing, valid,
26 perfected, unavoidable and unsubordinated liens, and CCC, Venkidu and Leckrone shall retain their
27 respective liens to the same extent and in the same priority existing as of the Effective Date unless
28 otherwise agreed or ordered by the Court, or until such time as their Secured Claims are accorded

1 treatment in full pursuant to the Plan.

2 The Creditor Trust Trustee shall be authorized to file a UCC-1 financing statement or other
3 evidence of the Unsecured Creditors' Security Interest as may be reasonably requested by the
4 Steering Committee. Upon the payment in full with interest under the Plan of all Allowed Claims in
5 Class 6 and 7A, the Unsecured Creditors' Security Interest shall be deemed discharged, and the
6 Reorganized Company shall be authorized to file one or more termination statements to evidence
7 extinguishment of the lien.

8 **E. Creditors' Committee**

9 Upon the appointment of the Steering Committee on the Effective Date, the Committee shall
10 be dissolved.

11 **F. Distributions.**

12 **1. Establishment of Claims Trust Account**

13 On or before the Effective Date, the Reorganized Company shall establish a separate,
14 segregated bank account for the benefit of holders of Allowed Claims, which shall be the Claims
15 Trust Account. The Reorganized Company shall fund the Claims Trust Account with amounts
16 adequate to make all payments due on the Effective Date.

17 **2. Funding of Claims Trust Account**

18 No later than three Business Days after the close of each full calendar quarter following the
19 Effective Date, the Reorganized Company shall deposit the portion of the Quarterly Payment for
20 which it is responsible (i.e., the 20% of Gross Revenue and NOP, but not TPL's share of
21 distributions from PDS which distributions, if any, shall be deposited directly by PDS into the
22 Claims Trust Account) into the Claims Trust Account; provided, however, that in any quarter in
23 which the deposit of the Quarterly Payment to the Claims Trust Account would, in the Reorganized
24 Company's reasonable opinion, result in a reduction of the WCR, then, following consultation with
25 and receipt of written approval of the Steering Committee as to such said reduction, the Quarterly
26 Payment for that quarter shall be reduced accordingly. Such reduction shall not constitute a default
27 under the Plan provided, however, that the Reorganized Company has deposited the aggregate of
28 20% of Gross Revenue during each calendar quarter. The Disbursing Agent shall distribute from the

1 Claims Trust Account the sums specified in the Plan on the Distribution Dates specified in the Plan

2 **3. Quarterly Distribution Report**

3 No later than five Business Days after the close of each full calendar quarter following the
4 Effective Date, the Reorganized Company shall deliver the Quarterly Distribution Report to the
5 Steering Committee. If the Steering Committee objects to payment on account of any particular
6 Claim as proposed on the Quarterly Distribution Report, it shall provide written notification of such
7 objection to the Disbursing Agent within three Business Days of receipt of the Quarterly Distribution
8 Report, and no Distributions shall be made on account of such Claim(s) until such time as the
9 Steering Committee provides its written consent, or absent such consent, until entry of an order by
10 the Bankruptcy Court. Upon receipt of written consent from the Steering Committee or entry of an
11 order by the Bankruptcy Court, the Disbursing Agent shall pay the agreed on or ordered Distribution
12 amount to the holder(s) of such affected Claim(s) as soon as reasonably practicable.

13 **4. Timing of Distributions.**

14 Except as otherwise provided in the Plan, the Disbursing Agent shall pay all Class 1 and
15 Class 5 Allowed Claims on the Effective Date. Failure to pay any Allowed Claim in Class 1 or
16 Class 5 as required under the Plan shall constitute a Plan default unless the Disbursing Agent pays
17 the amount due on account of such Allowed Claim as required under the Plan within thirty days of
18 the Effective Date.

19 Except as otherwise provided in the Plan, the Disbursing Agent shall make Distributions of
20 the Quarterly Payment from the Claims Trust Account no later than the tenth Business Day
21 following the end of each calendar quarter, in the sums specified in the Quarterly Distribution
22 Report.

23 The Reorganized Company shall continue to operate and the Disbursing Agent shall pay
24 Allowed Claims in Classes 6 and 7 in full with interest, according to the terms of the Plan for a
25 period of five years after the Effective Date, or, after consultation with and obtaining written
26 approval from, the Steering Committee, an additional period of time not to exceed six months;
27 provided, however, that such period may be extended further by entry of an order by the Bankruptcy
28 Court.

1 **5. Distribution Addresses; Undeliverable Distributions.**

2 Unless a Creditor has provided the Reorganized Company with written notice of a different
3 address, Distributions shall be sent to Creditors at the address set forth in the proofs of Claim filed
4 with the Claims Agent. If no proof of Claim is filed with respect to a particular Claim, the
5 Distribution shall be mailed to the address set forth in the Schedules filed by the Debtor. If any
6 Creditor's Distribution is returned as undeliverable, no further Distributions to such Creditor shall be
7 made unless and until the Reorganized Company is notified of such Creditor's then current address,
8 at which time all required Distributions shall be made to such Creditor. Undeliverable Distributions
9 shall be held by the Disbursing Agent until such Distributions are claimed; provided, however, that
10 all claims for undeliverable Distributions must be made within ninety (90) days following a
11 Distribution. After such date, all unclaimed Distributions will revert to the Reorganized Company
12 and deposited into the Claims Trust Account, and the Claim of any Creditor or successor to such
13 Creditor with respect to such Distribution shall be discharged and forever barred notwithstanding
14 any federal or state escheat laws to the contrary.

15 **6. Withholding Taxes.**

16 Pursuant to Section 346(h) of the Bankruptcy Code, the Disbursing Agent shall deduct any
17 federal, state or local withholding taxes from any Distributions made with respect to Allowed
18 Claims, as appropriate. The Disbursing Agent shall be permitted to withhold a Distribution to any
19 Creditor who has not provided information requested by the Disbursing Agent for the purpose of
20 fulfilling its obligations hereunder. The Disbursing Agent shall comply with all reporting
21 obligations imposed on it by any governmental unit with respect to withholding and related taxes.

22 **7. Fractional Amounts.**

23 Notwithstanding anything contained herein to the contrary, the Reorganized Company shall
24 not be required to make Distributions of fractions of dollars. Whenever any payment of a fraction of
25 a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of
26 such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

27 **8. De Minimis Distributions.**

28 Notwithstanding any other provision of the Plan, Distributions of less than \$50.00 need not

1 be made on account of any Allowed Claim; provided, however, that Distributions that would
2 otherwise be made but for this provision shall carry over to the next Distribution Date until the
3 cumulative amount to which any holder of an Allowed Claim is entitled to is more than \$50.00, at
4 which time the cumulative amount of such Distributions will be paid to such holder.

5 **9. Time Bar to Cash Payments.**

6 Checks issued on account of Allowed Claims shall be null and void if not negotiated within
7 ninety (90) days from the date of issuance thereof. Requests for re-issuance of any check shall be
8 made directly to the Reorganized Company by the holder of the Allowed Claim to whom such
9 check was originally issued. Any request for re-issuance in respect of such voided check shall be
10 made on or before ninety (90) days after the date of the issuance of such check. After such date, all
11 Claims with respect to any voided checks shall be discharged and forever barred, and such funds
12 shall revert to the Reorganized Company and deposited into the Claims Trust Account.

13 **10. Modification of Payment Terms.**

14 At any time after the Effective Date, (a) the Reorganized Company may modify the treatment
15 of any Class of Allowed Claims in a manner that is more favorable than provided by the Plan (e.g.,
16 the Reorganized Company may make more frequent payments to a Class or pay or cause to be paid
17 all Classes sooner than contemplated by the Plan), provided that such treatment does not adversely
18 impact the ability of the Reorganized Company to perform its obligations under the Plan; and (b) the
19 Reorganized Company may modify the treatment of any Allowed Claim in any manner adverse to
20 the holder of such Claim with the prior written consent of the holder whose Allowed Claim is being
21 adversely effected; provided, however, that any such modification shall be approved in writing by
22 the Steering Committee. Notwithstanding the foregoing or anything in the Plan to the contrary, until
23 such time as the holders of Allowed Claims in Class 6A and Class 7A, have been paid in full, with
24 interest, as provided by the Plan, the Reorganized Company shall not, under any circumstance,
25 modify or alter the treatment of any Person or Entity in Classes 2, 3, 4, 6B, 7B or 8, in any manner
26 that is more favorable than provided by the Plan.

27 **G. Articles of Organization/Operating Agreement.**

28 After the Effective Date, the Reorganized Company, in consultation with the Steering

1 Committee, may amend and restate TPL's articles and operating agreement as permitted by
2 applicable law without further Bankruptcy Court approval, including, among other things and if
3 required, if required, amending such articles and operating agreement as of the Effective Date to
4 comply with the requirements of Section 1123(a)(6) of the Bankruptcy Code which requires the
5 inclusion in the Reorganized Company's charter of a prohibition of the issuance of non-voting
6 securities and requires, among other things, the distribution of voting power equitably among the
7 classes of voting securities.

8 **H. Authority of Reorganized Company.**

9 On and after the Effective Date, the Reorganized Company shall be appointed Estate
10 representative pursuant to the applicable provisions of the Bankruptcy Code and the Bankruptcy
11 Rules. Except as otherwise provided by the Plan, the Reorganized Company, by and through its
12 Manager and any designee(s) in consultation with and after obtaining written approval from the
13 Steering Committee as applicable, shall be responsible for and have authority to: (a) settle, resolve
14 and object to Claims with the exception of the Committee Claims; (b) commence suit on the
15 Retained Claims or refer any Retained Claims to the Creditor Trust Trustee; (c) pay all fees due
16 under 28 U.S.C. § 1930; (d) file any post-confirmation reports required by the Plan or the
17 Bankruptcy Court; (e) retain, employ and utilize such Professionals as may be necessary without
18 further approval of the Bankruptcy Court; (f) sell or dispose of assets; (g) abandon property of the
19 Estate that is determined to be burdensome or of inconsequential value; (h) do all things necessary
20 and appropriate to fulfill the duties and obligations of the Reorganized Company under the Plan and
21 to fully administer the Bankruptcy Estate as required by the Plan, the Order of Confirmation, the
22 Bankruptcy Code and the Bankruptcy Rules; and (i) move for the entry of a Final Decree and
23 prepare and file any pleadings as may be required by the Bankruptcy Court in connection with the
24 Final Decree and the closing of the Bankruptcy Case.

25 In addition, on the Effective Date, the Reorganized Company shall be substituted as
26 successor to the Debtor and its Estate in all actions, contested matters and adversary proceedings
27 pending or thereafter commenced in the Bankruptcy Court with respect to Disputed Claims. The
28 Reorganized Company shall have no obligation to pursue any affirmative claims on behalf of the

1 Debtor or its Estate and any such claims may be abandoned or waived at the discretion of the
2 Reorganized Company subject to the approval of the Steering Committee, if required.

3 **I. Responsible Person.**

4 Upon the Effective Date, the Manager shall serve as the Responsible Person for the
5 Reorganized Company and shall be fully empowered to execute all documents, agreements and
6 instruments implementing the Plan without further order of the Bankruptcy Court or further action
7 by the managers or member(s) of the Reorganized Company, subject to the terms of the Plan and any
8 other requirements for Steering Committee approval as required by the Steering Committee. Any
9 such document, agreement or instrument executed and delivered by the Responsible Person shall be
10 conclusively deemed duly executed by the Reorganized Company without need for further corporate
11 action or order of the Bankruptcy Court. After the Effective Date, the Responsible Person shall be
12 entitled to act as the Estate representative for purposes of implementing and administering the Plan
13 without need for further corporate action or order of the Bankruptcy Court.

14 Until the Bankruptcy Case is closed, the Responsible Person may resign at any time. In the
15 event the Responsible Person voluntarily resigns prior to the date the Bankruptcy Case is closed, a
16 new Responsible Person will be nominated by the Steering Committee with notice to be provided
17 pursuant to the Notice Procedure.

18 Until the Bankruptcy Case is closed, the Steering Committee shall be authorized and
19 empowered to hire, supervise and, subject to compliance with the Notice Procedure, dismiss and
20 replace the Responsible Person without further Bankruptcy Court approval. In addition, any other
21 party in interest may move to remove the Responsible Person for cause upon motion to the
22 Bankruptcy Court on not less than twenty one (21) days' notice to the Notice Parties. If pursuant to
23 a timely filed motion or a request for hearing pursuant to the Notice Procedure, the Bankruptcy
24 Court enters a Final Order either (1) rejecting the Steering Committee's proposed successor to
25 replace the Responsible Person or (2) removing the Responsible Person, a new Responsible Person
26 shall be appointed by the Bankruptcy Court upon nomination by any party in interest, including the
27 Reorganized Company and the Steering Committee, following not less than twenty one (21) days'
28 notice to the Notice Parties.

1 If replaced as the Responsible Person, such former Responsible Person will turnover all of
2 his or her books and records to the new Responsible Person. Any successor Responsible Person
3 shall be entitled to receive reasonable compensation.

4 **J. Disbursing Agent.**

5 The Disbursing Agent for all Distributions shall be the Creditor Trust Trustee. The
6 Reorganized Company, in consultation with and after written approval from the Steering Committee,
7 may relieve the Creditor Trust Trustee from its responsibilities as the Disbursing Agent and may
8 appoint a successor Disbursing Agent at any time upon providing fifteen (15) days' notice to the
9 Notice Parties pursuant to the Notice Procedure. In the absence of a timely objection by a Notice
10 Party to the proposed Disbursing Agent within such fifteen (15) day period, the Reorganized
11 Company may proceed with the appointment of the proposed Disbursing Agent. Any timely
12 objection to the appointment of a Disbursing Agent shall be set for hearing before the Bankruptcy
13 Court on no less than twenty-one (21) days' notice to the Notice Parties. Any successor Disbursing
14 Agent shall be entitled to receive reasonable compensation. Unless otherwise ordered by the
15 Bankruptcy Court, the Disbursing Agent shall serve without a guaranty or fiduciary bond.

16 **K. Tax Returns, Payments and Refunds.**

17 The Reorganized Company shall file or cause to be filed any and all delinquent and final tax
18 returns and pay any and all taxes owed by the Debtor and the Reorganized Company on a timely
19 basis (other than taxes provided for under the Plan). The Reorganized Company reserves all rights
20 to amend prior tax returns of the Debtor and to pursue and collect all potential tax refunds, to claim
21 losses and to take such other actions to the fullest extent allowed by law to recover value.

22 **L. Employee Benefit Plans.**

23 Except as otherwise provided in the Plan, all Benefit Plans in effect as of the Effective Date
24 shall be continued by the Reorganized Company, subject to the rights of the Reorganized Company
25 to modify its employee Benefit Plans from time to time pursuant to applicable nonbankruptcy law.
26 Any obligations of the Debtor to indemnify any Person serving as a fiduciary of any Benefit Plan of
27 the Debtor, under charter, by-laws, contract or applicable state law is deemed to be an executory
28 contract and assumed as of the Confirmation Date (but subject to the occurrence of the Effective

1 Date) and binding on the Reorganized Company.

2 **M. Further Orders.**

3 Upon motion by the Reorganized Company, the Bankruptcy Court may enter such other and
4 further orders as may be necessary or appropriate to facilitate consummation of the Plan.

5 **N. Post-Confirmation Employment of Personnel.**

6 The Reorganized Company and any Creditor Trust Trustee may employ or contract with
7 Persons and other Entities to perform, or advise and assist them in the performance of, their
8 respective obligations under the Plan. The Reorganized Company, in consultation with and after
9 written approval from the Steering Committee, may, but is not required to, continue to employ the
10 Debtor's Professionals for the purposes for which they were employed before the Confirmation
11 Date, and for such additional purposes as the Reorganized Company may request, and the
12 Reorganized Company, in consultation with and after obtaining written approval from the Steering
13 Committee, may employ such other Professionals as may be necessary to perform its responsibilities
14 under the Plan.

15 **O. Post-Confirmation Compensation and Reimbursement of Professionals.**

16 The Steering Committee, the Reorganized Company and any Professionals employed by
17 them after the Confirmation Date shall be entitled to payment of their reasonable post-Confirmation
18 Date fees and reimbursement of expenses on a monthly basis, subject to the following:

19 Until the Bankruptcy Case is closed, each party requesting payment of such compensation
20 shall serve a detailed statement of requested fees and expenses on the Notice Parties.

21 Any Notice Party or other party in interest may object to any portion of the requested fees
22 and expenses. Any objection to the payment of fees or reimbursement of expenses shall be in
23 writing (and sufficiently detailed to allow the party whose compensation is subject to the objection
24 an opportunity to respond, and ultimately to allow the Bankruptcy Court to rule on such objection)
25 and served on the Notice Parties and the party whose compensation is subject to the objection. Such
26 an objection must be served within fifteen (15) days after service of the detailed statement.

27 If there is no objection to a party's requested fees and expenses within such fifteen (15) day
28 period, the Reorganized Company shall promptly pay the requested amount in full. If an objection

1 to a portion of the fees or expenses requested is timely served, the Reorganized Company shall
2 promptly pay the undisputed portion of such fees and expenses.

3 To the extent that an objection is timely served, the Responsible Person shall reserve monies
4 in the amount of the disputed fees and expenses pending resolution of said objection.

5 Any objection to a request shall be resolved by either: (a) written agreement between the
6 party requesting such fees and expenses and the objecting party; or (b) resolution of the disputed
7 amount by the Bankruptcy Court pursuant to a Final Order. Resolution by the Bankruptcy Court
8 shall be requested by motion filed and served on the Notice Parties in accordance with the
9 Bankruptcy Rules and the Local Rules on not less than twenty-one (21) days' notice. Such motion
10 may be filed by either the requesting party or the objecting party. Any opposition to the motion shall
11 be filed and served no later than seven (7) days prior to the hearing.

12 The Steering Committee, the Reorganized Company and their Professionals shall not
13 otherwise be required to file applications for Bankruptcy Court approval of post-Confirmation fees
14 and expenses.

15 Following the closing of the Bankruptcy Case, the Professionals of the Steering Committee
16 and the Reorganized Company shall be entitled to payment in the ordinary course upon the
17 submission of an invoice to the Reorganized Company and subject to written approval by the
18 Steering Committee; provided, however, that any disputes shall be determined by the Bankruptcy
19 Court upon reopening the Bankruptcy Case.

20 **P. Notice Procedure.**

21 Whenever the Plan requires a Person to provide notice pursuant to the Notice Procedure,
22 such Person seeking the particular relief shall be required to serve a written notice on the Notice
23 Parties. Such Person shall be authorized to take the action proposed to be taken in such notice upon
24 the expiration of the period specified in the Plan for such notice unless, before the expiration of the
25 specified notice period, a recipient Notice Party, or a party in interest, has filed an objection to such
26 proposed action with the Bankruptcy Court and scheduled a hearing on such objection within thirty
27 (30) days after the filing of such objection and upon not less than twenty-one (21) days' notice to all
28 Notice Parties. If any such objection is filed, the Person seeking the particular relief shall not take

1 the proposed action unless the Bankruptcy Court approves such action or the objecting party
2 withdraws the objection. Service by electronic filing pursuant to Local Rule 9013-3 shall be
3 adequate for all notices and other pleadings filed with the Bankruptcy Court.

4 **Q. Post-Confirmation Fees, Reports, and Final Decree.**

5 **1. U.S. Trustee Fees.**

6 Not later than thirty (30) days after the end of each calendar quarter that ends after the
7 Effective Date (including any portion thereof), the Reorganized Company shall pay to the United
8 States Trustee, pursuant to 28 U.S.C. § 1930(a)(6), the quarterly fee for such quarter until the
9 Bankruptcy Case is converted or dismissed, or the Bankruptcy Court enters the Final Decree.

10 **2. Post-Confirmation Reports.**

11 Not later than thirty (30) days after the end of each calendar quarter which ends after the
12 Effective Date, the Reorganized Company shall file a quarterly post-Confirmation status report in
13 substantially the form provided by the United States Trustee and serve a copy of said report on the
14 Steering Committee. Further reports shall be filed thirty (30) days after the end of each calendar
15 quarter thereafter until the entry of the Final Decree, unless otherwise ordered by the Bankruptcy
16 Court.

17 Failure to timely file the required reports may constitute a ground for the bringing of a
18 motion to convert or dismiss the Bankruptcy Case, whichever is in the best interest of the creditors
19 and the Estate, pursuant to Section 1112(b) of the Bankruptcy Code.

20 **3. Final Decree.**

21 At such time as all motions, contested matters and adversary proceedings have been finally
22 resolved and the Bankruptcy Case is in a condition to be closed, the Reorganized Company shall file
23 an application for the entry of a Final Decree to close the Bankruptcy Case pursuant to Section 350
24 of the Bankruptcy Code and Rule 3022 of the Bankruptcy Rules. Entry of a Final Decree may be
25 sought by the Reorganized Company notwithstanding that all payments required by the Plan have
26 not been completed, provided, however, that the Bankruptcy Case is determined by the Bankruptcy
27 Court to be fully administered; provided further, that the Bankruptcy Court retains jurisdiction to
28 hear all matters involving the further administration of the Plan until all holders of Allowed Claims

1 have been paid in full or as otherwise agreed to or provided for under the Plan. The Reorganized
2 Company shall serve the application for entry of a Final Decree on the Notice Parties. Pursuant to
3 Local Rule, such application shall be considered by the Bankruptcy Court without a hearing unless
4 within fourteen (14) days after the date of service of the notice, a party in interest files and serves a
5 request for hearing.

6 **ARTICLE VII.**

7 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

8 **A. Assumption of Executory Contracts and Unexpired Leases**

9 Each of the following executory contracts shall be assumed by the Reorganized Company on
10 the Effective Date to the extent each such contract is executory in nature, and Confirmation of the
11 Plan shall effect such assumption: (1) the TPL/Moore/PTSC/PDS agreement dated January 23, 2013,
12 (2) TPL's Agreements with Thunderbird Technologies, (3) the Marcoux-TPL Settlement Agreement,
13 (4) TPL's GE Copier leases, (5) TPL's Service Agreement with TriNet Acquisition Corporation, and
14 (6) TPL's Plan Service Agreement with Fidelity Management Trust Company.

15 All executory contracts assumed prior to Confirmation or pursuant to the Plan and not
16 otherwise rejected pursuant to the Plan, shall remain in full force and effect, be unimpaired by the
17 Plan except as specifically modified by the Plan and the Confirmation Order, and be binding on the
18 parties thereto.

19 **1. Defaults.**

20 Unless other treatment is agreed to between the parties to each assumed contract or lease, if
21 there has been a default in an assumed executory contract or unexpired lease other than the kind
22 specified in Section 365(b)(2) of the Bankruptcy Code, the Debtor or the Reorganized Company, as
23 applicable, shall, on or before the Effective Date: (a) cure, or provide adequate assurance that it will
24 promptly cure, any such default; (b) compensate, or provide adequate assurance that it will promptly
25 compensate, the other party to such contract or lease, for any actual pecuniary loss to such party
26 resulting from such default; and (c) provide adequate assurance of future performance under such
27 contract or lease.

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2. Rejection of Executory Contracts and Unexpired Leases.

Without admitting the validity of any other executory contracts and unexpired leases, the following executory contracts and unexpired leases of the Debtor are hereby rejected by the Debtor as of the Effective Date, and Confirmation of the Plan shall be deemed to constitute Bankruptcy Court approval of such rejection: (a) TPL’s Service Agreement with Semiconductor Insights; (b) the Alliacense Services Agreement, and (c) the Insider Employee Compensation Contracts.

3. Rejection Claims

The holder of a Rejection Claim shall file with the Bankruptcy Court, and serve on counsel for the Reorganized Company, a proof of Claim relative to such Rejection Claim on or before the Rejection Claims Bar Date or be forever barred from asserting any such Claim or receiving any payment or other Distribution on account of such Claim. With respect to any Rejection Claim that is timely filed after Confirmation, the holder of such Rejection Claim may elect treatment in Class 5 of the Plan by filing such election with the Bankruptcy Court with service on the Reorganized Company and its counsel at the addresses provided at Section XIV-J of the Plan no later than the Rejection Claims Bar Date, unless such date is extended by written agreement of the Reorganized Company.

4. Adding and Removing Executory Contracts and Unexpired Leases

The provisions of this Article VII may be amended, with appropriate notice to those parties in interest directly affected, at any time prior to the conclusion of the hearing on Confirmation of the Plan, to add or remove executory contracts and unexpired leases to be assumed, assumed and assigned, or rejected pursuant to the Plan; provided, however, that no such amendments shall in any way impact the Licensee Protected Contracts or Licensee Parties’ rights or defenses thereunder, which shall be fully preserved in all respects, as set forth in Article XVI of the Plan.

5. Excluded Contracts

The Reorganized Company shall retain the right to reject any Excluded Contracts, but not any Licensee Protected Contracts or related commercialization agreements, at any time following the Effective Date. Following written notice to the affected party, the Reorganized Company may reject any Excluded Contracts without further order of the Bankruptcy Court (with the affected party to the

1 Excluded Contract having 30 days after notice of rejection to file a Rejection Claim, if any).

2 Excluded Contracts which have not previously and expressly been assumed or rejected by
3 TPL by final Order of the Court are deemed under such circumstances to have “passed through” the
4 bankruptcy and will remain in effect without modification, unless subsequently rejected in
5 accordance with this Section.

6 For the avoidance of doubt, the Licensee Protected Contracts are not susceptible to rejection
7 by the Reorganized Company and are deemed to have “ridden through” the bankruptcy without
8 prejudice or adverse effects of any kind in accordance with Article XVI of the Plan. All Licensee
9 Protected Contracts are and shall remain in full force and effect and continue to be valid, binding,
10 and enforceable in accordance with their terms against TPL, the Reorganized Company, and all
11 applicable third-party patent owners and their successors and assigns. Furthermore, there shall be no
12 rejection, including no post-Effective Date rejection, of any commercialization agreement or other
13 agreement relating to any of the Licensee Protected Contracts; all such agreements shall either be
14 expressly assumed by the Debtor or shall ride through the Bankruptcy Case unimpaired. Nothing in
15 the Plan, and no act or omission of TPL (such as rejection of or failure to assume any executory
16 contract) shall change any right, interest, claim, license, or defense under the Licensee Protected
17 Contracts.

18 **6. Overriding Protections For Licensee Parties**

19 In order to address certain concerns and objections of the Licensee Objectors, Article XVI of
20 the Plan includes provisions intended to eliminate any adverse effects or prejudice of the Plan or
21 Confirmation Order on the Licensee Parties’ licenses, claims, rights, interests and defenses. Such
22 provisions under Article XVI of the Plan shall apply comprehensively to preserve all Licensee
23 Parties’ rights, licenses, claims, rights, interests and defenses, as described therein, notwithstanding
24 any other provision of the Plan or the Confirmation Order.

25 **ARTICLE VIII.**

26 **PROOFS OF CLAIM; OBJECTIONS**

27 **A. Time For Filing Proofs Of Claim**

28 The applicable Claims Bar Date for most pre-petition Claims was July 23, 2013 and for

1 governmental units was September 16, 2013.

2 However, Bankruptcy Rule 3001(b) provides that it is not necessary for a Creditor to file a
3 proof of Claim if its Claim has been listed in the Debtor's Schedules filed with the Bankruptcy Court
4 pursuant to Section 521(a)(1) of the Bankruptcy Code and Rule 1007(a)(3) of the Bankruptcy Rules,
5 and is not listed as disputed, contingent, unliquidated or unknown as to amount.

6 **B. Ownership and Transfers of Claims.**

7 For purposes of any Distribution under the Plan, the Reorganized Company shall not have
8 any obligation to recognize any transfer of Claims occurring thirty (30) days or more after the
9 Effective Date. The Reorganized Company, the Disbursing Agent, the Manager, the Committee, and
10 their Professionals (as applicable) shall be entitled to recognize and deal for all purposes with only
11 those claimholders of record stated on the claims docket maintained by the Bankruptcy Court, and if
12 none, on the Debtor's Schedules.

13 **ANY PARTY WHO ACQUIRES A CLAIM AGAINST THE REORGANIZED**
14 **COMPANY THIRTY (30) CALENDAR DAYS OR MORE AFTER THE EFFECTIVE DATE**
15 **MUST ARRANGE WITH THE TRANSFEROR UPON ACQUISITION OF THE CLAIM,**
16 **TO RECEIVE DISTRIBUTIONS TO WHICH THE TRANSFEREE MAY BE ENTITLED.**
17 **NONE OF THE REORGANIZED COMPANY, THE DISBURSING AGENT, OR THE**
18 **COMMITTEE SHALL BE REQUIRED TO TRACK CHANGES IN OWNERSHIP OF**
19 **CLAIMS THIRTY (30) CALENDAR DAYS OR MORE AFTER THE EFFECTIVE DATE.**

20 **C. Amendments to Claims.**

21 Except as provided by the Plan or as otherwise permitted by the Bankruptcy Court, the
22 Bankruptcy Rules or applicable law, proofs of Claim may not be amended later than the applicable
23 Claims Bar Date except for amendments to proofs of Claim to decrease the amount or priority
24 thereof; provided, however, that the foregoing deadline shall not afford a claimant a right to amend a
25 Claim that, pursuant to applicable law, is not subject to amendment.

26 **D. Claim Objections.**

27 An objection to a Claim shall be filed no later than the Claims Objection Deadline. An
28 objection to an Administrative Claim shall be filed no later than the Administrative Claims

1 Objection Deadline. Except as otherwise provided in this Section, any party in interest may file an
2 objection to a Claim or Administrative Claim. With the exception of the Committee Claims, the
3 Reorganized Company shall have the responsibility to review all proofs of Claim filed against the
4 Debtor, to file objections as appropriate and to resolve Disputed Claims. With respect to Claims
5 asserted by current or former insiders, officers, directors and employees of the TPL, and any
6 affiliated or related Persons and Entities thereto (including, without limitation, the Insider Employee
7 Compensation Claims and the Insider 13% Claims), the Reorganized Company, in its sole
8 discretion, may refer any objections to such Claims to the Creditor Trust Trustee.

9 As set forth above at Section VI.C, the Creditor Trust Trustee shall investigate and, if
10 appropriate in her/his business judgment, object to any or all of the Committee Claims. The Creditor
11 Trust Trustee shall act independently (i.e., without direction from the Steering Committee) in
12 investigating and objecting to the Committee Claims. Other than the Debtor or the Reorganized
13 Company whose rights to file objections to the Committee Claims are expressly preserved, the
14 Creditor Trust Trustee shall have the sole authority to investigate and if appropriate file objections to
15 the Committee Claims.

16 **E. Disputed Claims.**

17 Subject to the next sentence, any Cash that would be distributed to the holder of a Disputed
18 Claim if it were an Allowed Claim on any Distribution Date hereunder shall be set aside by the
19 Disbursing Agent into the Disputed Claims Reserve Account. Not later than fifteen (15) days after
20 the Disbursing Agent receives notice that a Disputed Claim has been Allowed in whole or in part,
21 the Disbursing Agent shall distribute the Cash deposited into the Disputed Claims Reserve Account
22 on account of the Allowed Amount of such Disputed Claim. To the extent that Cash payments made
23 into the Disputed Claims Reserve Account on account of a Disputed Claim exceed the Cash
24 distributable with respect to the Allowed Amount of such Claim, such excess cash shall be returned
25 to the Claims Trust Account for the funding of the next Quarterly Payment.

26 **F. Distributions**

27 Notwithstanding any provision of the Plan specifying a date for payments or Distributions of
28 consideration, payments and Distributions with respect to any Claim that on such date is disputed,

1 contingent, unliquidated or unknown as to amount, will not be made until a Final Order with respect
2 to an objection, estimation or valuation of such Claim is entered by the Bankruptcy Court, or an
3 agreement is reached between the parties, whereupon appropriate Distributions shall be made
4 promptly in accordance with the preceding paragraph. Notwithstanding the foregoing, any
5 undisputed portion of a Disputed Claim shall receive a Distribution on the undisputed portion of the
6 Claim at the same time as Allowed Claims in the same Class pursuant to the Plan.

7 **ARTICLE IX.**

8 **RESERVATION OF RIGHTS AND PRESERVATION OF CLAIMS; 9 RELEASE OF AVOIDANCE ACTIONS; TOLLING AGREEMENT.**

10 **A. Preservation of Claims and Rights.**

11 Except as otherwise provided by the Plan, the Committee reserves the right to pursue all
12 claims against third parties as provided in Article X of the Plan, including the Retained Claims
13 identified in Section X-B of the Plan.

14 **ARTICLE X.**

15 **REQUEST FOR CONFIRMATION.**

16 If any Class of Claims does not accept the Plan, the Debtor may elect to seek Confirmation of
17 the Plan under Section 1129(b) of the Bankruptcy Code. Confirmation under Section 1129(b) can,
18 in appropriate circumstances, take place notwithstanding the rejection of, or objection to, the Plan by
19 Creditors.

20 The Committee, as the proponent of the Plan, requests Confirmation of the Plan. In the event
21 any Impaired Class of Claims entitled to vote does not accept the Plan by the requisite statutory
22 majorities provided in Section 1126(c) of the Bankruptcy Code, the Committee requests that the
23 Bankruptcy Court confirm the Plan in accordance with the provisions of Section 1129(b) of the
24 Bankruptcy Code.

25 **ARTICLE XI.**

26 **RETENTION OF JURISDICTION.**

27 Article XII of the Plan provides that the Bankruptcy Court shall retain and have all authority
28 and jurisdiction as is allowed under the Bankruptcy Code and other applicable law to enforce the

1 provisions, purposes, and intent of the Plan.

2 **ARTICLE XII.**

3 **EFFECT OF CONFIRMATION.**

4 As of the Confirmation Date, the effect of Confirmation of the Plan shall be as provided in
5 Section 1141 of the Bankruptcy Code, and as follows:

6 **A. Binding Effect of Plan.**

7 The provisions of the confirmed Plan shall bind the Debtor, the Reorganized Company, any
8 Entity acquiring property under or otherwise accepting the benefits of the Plan, and every Creditor
9 and Interest Holder, whether or not such Creditor or Interest Holder has filed a proof of Claim or
10 Interest in the Bankruptcy Case, whether or not the Claim or Interest of such Creditor or Interest
11 Holder is Impaired under the Plan, and whether or not such Creditor or Interest Holder has accepted
12 or rejected the Plan.

13 **B. Vesting Of Property.**

14 Subject to the provisions of this Plan and the Order of Confirmation, the property of the
15 Debtor and the Bankruptcy Estate shall vest in the Reorganized Company on the Effective Date. As
16 of the Effective Date, all such property shall be free and clear of any and all liens, encumbrances,
17 Claims and Interests of Creditors and Interest Holders except as otherwise provided in the Plan,
18 including, without limitation, the Unsecured Creditors' Security Interest. Revesting does not modify
19 the nature of any contracts assumed pursuant to the Plan.

20 **C. Discharge.**

21 Except as otherwise provided in the Plan or the Order of Confirmation, the rights afforded
22 under the Plan and the treatment of Claims and Interests under the Plan are in exchange for and in
23 complete satisfaction, discharge, and release of, all Claims, including any interest accrued thereon
24 from and after the Petition Date, against the Debtor, the Reorganized Company, the Bankruptcy
25 Estate, or any assets or property of the Debtor, the Reorganized Company and the Bankruptcy
26 Estate. Except as provided in the Plan or the Order of Confirmation, pursuant to Bankruptcy Code
27 § 1141(d), Confirmation forever discharges the Debtor and the Reorganized Company from any and
28 all Claims and all debts that arose before the Effective Date, and all debts of the kind specified in

1 Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of Claim based
2 on such debt is filed or deemed filed under Section 501 of the Bankruptcy Code; (b) a Claim based
3 on such debt is Allowed under Section 502 of the Bankruptcy Code; or (c) the holder of a Claim
4 based on such debt has accepted the Plan.

5 **D. Exculpation.**

6 To the extent permitted under applicable law, none of the Bankruptcy Estate, the
7 Reorganized Company, the Manager, the Committee, the members of the Committee (solely in their
8 capacity as such), the Steering Committee, the members of the Steering Committee (solely in their
9 capacity as such) and their respective officers, directors, members, managers, employees, advisors,
10 attorneys, agents, or direct and indirect affiliates will have or will incur any liability to any holder of
11 a Claim or Interest, or any other party in interest, or any of their respective members or former
12 members, agents, employees, representative, financial advisors, attorneys or affiliates or any of their
13 predecessors, successors, or assigns, for any act or omission in connection with, relating to, or
14 arising out of, the Bankruptcy Case, the negotiation and pursuit of confirmation of the Plan, the
15 confirmation of the Plan, the consummation of the Plan, or the administration of the Plan excluding
16 the obligations of the Debtor or the Reorganized Company under the Plan and any acts or omissions
17 of any Person covered by this Section constituting willful misconduct or gross negligence, and in all
18 respects such Persons shall be entitled to rely on the advice of counsel with respect to their duties
19 and responsibilities under the Plan.

20 **E. Injunction.**

21 **As of the Confirmation Date, all Persons or Entities that have held, currently hold or**
22 **may hold a Claim or other debt or liability that is discharged or any other right that is**
23 **terminated under the Bankruptcy Code or the Plan are permanently enjoined from**
24 **commencing or continuing any action, the employment of process, or other action, to collect,**
25 **recover or offset any such Claim or debt as a liability of the Bankruptcy Estate or the**
26 **Reorganized Company to the fullest extent permitted by Bankruptcy Code Section 524.**

27 **F. Preservation of Insurance.**

28 The discharge and release from Claims as provided in the Plan, except as necessary to be

1 consistent with the Plan, do not diminish or impair the enforceability of any insurance policy that
2 may cover Claims against the Debtor, the Bankruptcy Estate, the Reorganized Company or any other
3 Person.

4 **G. Reservation of Powers.**

5 The Reorganized Company shall retain all powers granted by the Bankruptcy Code, the
6 Bankruptcy Rules and the Local Rules to a trustee or debtor in possession, including those with
7 respect to the recovery of property and objections to, and/or subordination of, Claims and Interests.

8 **ARTICLE XIII.**

9 **OTHER PLAN PROVISIONS**

10 Article XIV of the Plan sets forth a number of additional provisions that govern the Plan.
11 These provisions cover topics such as modification of the Plan, where to send notices to the Steering
12 Committee or the Reorganized Company and other terms.

13 **ARTICLE XIV.**

14 **RISK FACTORS.**

15 Holders of Claims against the Debtor should read and consider carefully the factors set forth
16 below, as well as the other information set forth in this Disclosure Statement (and the documents
17 delivered together herewith and/or incorporated herein by reference), prior to voting to accept or
18 reject the Plan. If any of the risk factors discussed below materialize, thereby hindering the Debtor's
19 or Reorganized Company's ability to successfully reorganize and/or consummate the Plan, the
20 Debtor and/or Reorganized Company may pursue other alternatives such as a liquidation or further
21 reorganization under the Bankruptcy Code or applicable state law. This could result in distributions
22 to Creditors which are less than the Distributions provided under the Plan; however, in any such
23 instance, distributions still would likely exceed payment to Creditors in a Chapter 7 scenario where
24 there would be no license to liquidate the Company's inventory. The below risk factors should not
25 be regarded as constituting the only risks involved in connection with the Plan and its
26 implementation.

27 **A. Certain Bankruptcy Considerations.**

28 Although the Committee believes that the Plan will satisfy all requirements necessary for

1 Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court or any
2 court hearing an appeal from the Confirmation Order will reach the same conclusion. Moreover,
3 there can be no assurance that modifications to the Plan will not be required for Confirmation or that
4 such modifications would not necessitate the re-solicitation of votes. In addition, although the
5 Debtor believes that the Effective Date will occur soon after the Confirmation Date, there can be no
6 absolute assurance in this regard.

7 **B. Risks Relating to the Projections.**

8 The Committee has prepared the Projections, attached hereto as **Exhibit "A"** and
9 incorporated herein by reference, which provide financial information with key assumptions, in
10 connection with the development of the Plan, to present the projected effects of the Plan and the
11 transactions contemplated thereby. The Projections assume that the Plan and the transactions
12 contemplated thereby will be implemented in accordance with their respective terms, and are based
13 on numerous other assumptions and estimates. The assumptions and estimates underlying the
14 Projections are inherently uncertain and are subject to significant business, economic and
15 competitive risks and uncertainties that could cause actual results to differ materially from those
16 projected. Accordingly, the Projections are not necessarily indicative of the future financial
17 condition or results of operations of the Reorganized Company, which may vary significantly from
18 those set forth in the Projections. The Projections are discussed in greater detail below at Article
19 XIX.

20 **C. Claims Estimates and Distributions Risks.**

21 The Administrative Claims Bar Date and Rejection Claims Bar Date will occur after
22 Confirmation, and the Allowed amount of such Claims may increase the total liabilities of the
23 Reorganized Company.

24 Moreover, the Debtor's estimates of Allowed Claims and the consummation of the Plan are
25 based on numerous uncertain considerations which will necessarily be affected by, amongst other
26 things, the outcome of objections to Claims and the cost and expenses of such actions. For example,
27 if the Reorganized Company is unsuccessful in its objections to Disputed Claims and contingent
28 Claims that are asserted against the Debtor, the total liabilities will be significantly greater than

1 estimated, and any extended litigation involving the Reorganized Company may potentially affect
2 Distributions to holders of Allowed Claims. For example, the Plan also contemplates subordination
3 and/or disallowance of the Employee Incentive Compensation Claims and the Insider 13% Claims.
4 If these claims are not subordinated or disallowed, Class 6A claims will increase by as much as \$34
5 million, making it impossible to return a 100% payment to creditors unless it was payable over a
6 decade[s].

7 Creditors in Class 5 may, as a result of their election to receive treatment under Class 5,
8 ultimately receive less than they otherwise would if they did not so elect and were afforded treatment
9 under Class 6. Conversely, Creditors in Class 6 who are eligible to receive treatment under Class 5
10 but decline such election, may, as a result of their election to remain in Class 6, ultimately receive
11 less and/or receive Distributions significantly later than they otherwise would if they were afforded
12 treatment under Class 6. These risks similarly apply to those Creditors who elect to receive
13 treatment under Class 7 rather than remaining in Class 6 and vice versa.

14 **D. Risks of Implementing Plan.**

15 A significant part of the success of the Plan will be the cost-reduction benefits realized by the
16 anticipated elimination of Alliacense as a service provider and licensing agent for the MMP and non-
17 MMP Portfolios. New management may determine that that it would be in the best interest of the
18 Reorganized Debtor to negotiate a new arrangement with Alliacense. There is no assurance that the
19 Debtor and/or the Reorganized Company will be able to successfully terminate Alliacense's
20 involvement without incurring termination costs or legal fees to contest potential litigation by
21 Alliacense as a result of the termination. The Debtor's and/or the Reorganized Company's inability
22 to effect a successful termination of the Alliacense relationship could cause the Debtor or the
23 Reorganized Company to fail or severely adversely affect the successful implementation of the Plan,
24 and could have a material and adverse effect on its business, results of operations, and financial
25 condition.

26 The Committee has based its projections on the Debtor's historical performance over the last
27 three years. However, unforeseen variables may significantly impact the forecast causing actual
28 financial results to differ materially.

1 **ARTICLE XV.**

2 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN.**

3 **A. Introduction.**

4 The implementation of the Plan may have federal, state, and local tax consequences to the
5 Debtor and the Debtor's Creditors and Interest Holder. No tax opinion has been sought or will be
6 obtained with respect to any tax consequences of the Plan. This Disclosure Statement does not
7 constitute and is not intended to constitute either a tax opinion or tax advice to any person, and the
8 summary contained herein is provided for informational purposes only. The Committee simply
9 refers to the Debtor's Disclosure Statement, reproduced below.

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

16 The federal tax consequences of the Plan to a hypothetical creditor typical of the holders of
17 claims or interests in this case depend to a large degree on the accounting method adopted by that
18 hypothetical creditor. A "hypothetical creditor" in this case is defined as a general unsecured
19 creditor. In accordance with federal tax law, a holder of such a claim that uses the accrual method
20 and who has posted its original sale to TPL as income at the time of the product sold or the service
21 provided hypothetically should adjust any net operating loss to reflect the amounts paid by TPL
22 under the Plan provided that holder previously deducted the liability to TPL as a "bad debt" for
23 federal income tax purposes. Should that holder lack a net operating loss, then in accordance with
24 federal income tax provisions, the holder should treat the dividend paid as ordinary income, again
25 provided the holder previously deducted the liability to TPL as a "bad debt" for federal income tax
26 purposes. If the accrual basis holder of the claim did not deduct the liability as a "bad debt" for
27 federal income tax purposes, then the amount paid by TPL has no current income tax implication. A
28 holder of a claim that uses a cash method of accounting would, in accordance with federal income

1 tax laws, treat the amount paid as income at the time of receipt.

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

7 **ARTICLE XVI.**

8 **VOTING PROCEDURES AND REQUIREMENTS.**

9 **A. Creditors and Interest Holders Entitled to Vote.**

10 Only Impaired (as that term is defined in Section 1124 of the Bankruptcy Code) Classes
11 under the Plan are entitled to vote on the Plan.

12 **B. Definition of Impairment.**

13 Section 1124 of the Bankruptcy Code provides in part as follows:

14 . . . a class of claims or equity interests is Impaired under a plan unless,
15 with respect to each claim or equity interest of such class, the plan-

16 (1) leaves unaltered the legal, equitable, and contractual rights of
17 the holder of such claim or interest; or

18 (2) notwithstanding any contractual provision or applicable law
19 that entitles the holder of a claim or interest to demand or receive
20 accelerated payment of its claim or interest after the occurrence of a
21 default:

22 (A) cures any such default that occurred before or after the
23 commencement of the case under this title, other than a default of a
24 kind specified in section 365(b)(2) of this title or of a kind that section
25 365(b)(2) expressly does not require to be cured;

26 (B) reinstates the maturity of such claim or interest as such
27 maturity existed before such default;

28 (C) compensates the holder of such claim or interest for any
damages incurred as a result of any reasonable reliance by such holder
on such contractual provision or applicable law;

(D) if such claim or such interest arises from any failure to perform
a nonmonetary obligation, other than a default arising from failure to
operate a nonresidential real property lease subject to section
365(b)(1)(A), compensates the holder of such claim or such interest
(other than the debtor or an insider) for any actual pecuniary loss
incurred by such holder as a result of such failure; and

(E) does not otherwise alter the legal, equitable, or contractual
rights to which such claim or interest entitles the holder of such claim
or interest.

1 **C. Classes Impaired Under the Plan.**

2 Classes are Impaired by the Plan and entitled to vote. No other Classes are Impaired under
3 the Plan. Pursuant to Section 1126(f) of the Bankruptcy Code, a Class that is not Impaired under the
4 Plan, and each holder of a Claim or Interest of such Class, are conclusively presumed to have
5 accepted the Plan, and solicitation of acceptances with respect to such Class from the holders of
6 Claims or Interests of such class is not required. Therefore, Creditors from Classes 2 and 3, and the
7 holder of Interests in Class 9 do not need to return a Ballot.

8 **D. Vote Required for Class Acceptance.**

9 The Bankruptcy Code defines acceptance of a plan by a class of creditors as acceptance by
10 the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims
11 of that class which actually cast ballots for acceptance or rejection of the Plan, i.e., acceptance takes
12 place only if two-thirds (2/3) in amount and a majority in number of the Creditors voting cast their
13 ballots in favor of acceptance.

14 The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by
15 the holders of two-thirds (2/3) in amount of the allowed interests of that class which actually cast
16 ballots for acceptance or rejection of the plan, i.e., acceptance in a class of interests takes place only
17 if the holders of two-thirds (2/3) in the amount of the allowed interests in the class cast their ballots
18 in favor of acceptance. As discussed above, the Plan does not impair the rights of the holder of
19 Allowed Interests, and Class 9 is conclusively presumed to have accepted the Plan.

20 **E. Procedures.**

21 With the Plan and Disclosure Statement, Creditors will receive a Ballot and instructions for
22 voting on the Plan. You should read the Ballot carefully and follow the instructions contained
23 therein. Please use only the Ballot sent to you with this Disclosure Statement and the Plan.
24 Creditors in Class 6 who wish to receive treatment under Class 5 must indicate their election to be in
25 Class 5 where indicated on the Ballot, or they will receive treatment in Class 6.

26 A Claim to which an objection has been filed is not an Allowed Claim unless and until the
27 Bankruptcy Court rules on the objection. Pursuant to a motion by a Creditor, the Bankruptcy Court
28 may temporarily allow a Disputed Claim to which an objection has been filed for purposes of voting

1 on the Plan. Therefore, although holders of Disputed Claims to which an objection has been filed
2 will receive Ballots, these votes will not be counted unless the Bankruptcy Court temporarily allows
3 such Claims for purposes of voting on the Plan.

4 If a party in interest is a member of more than one Class, it will receive a Ballot for each
5 Class. IF YOU ARE A MEMBER OF MORE THAN ONE CLASS, YOU MUST FILL OUT AND
6 RETURN ALL BALLOTS SENT TO YOU FOR YOUR VOTE TO COUNT IN EACH CLASS.
7 CREDITORS WISHING TO VOTE ON THE PLAN MUST COMPLETE THE BALLOT
8 PROVIDED AND RETURN IT NO LATER THAN _____, 2014 TO:

9 Dorsey & Whitney LLP
10 Attn: Thomas T. Hwang
11 305 Lytton Avenue
12 Palo Alto, California 94301
13 Email: hwang.thomas@dorsey.com

14 IF YOUR BALLOT IS NOT RETURNED BY _____, 2014 (the “VOTING
15 DEADLINE”), IT MAY NOT BE CONSIDERED. BALLOTS WHICH ARE RETURNED BUT
16 NOT PROPERLY EXECUTED WILL NOT BE CONSIDERED. BALLOTS WHICH ARE
17 EXECUTED BUT WHICH FAIL TO INDICATE EITHER ACCEPTANCE OR REJECTION OF
18 THE PLAN WILL BE CONSIDERED AS ACCEPTING THE PLAN.

19 ARTICLE XVII.

20 **CONFIRMATION PROCEDURES; OBJECTIONS TO CONFIRMATION.**

21 Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

22 **A. Confirmation Hearing.**

23 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold
24 a hearing on confirmation (approval) of the Plan (the “Confirmation Hearing”). The Confirmation
25 Hearing may be postponed from time to time by the Bankruptcy Court without further notice except
26 for an announcement made at the Confirmation Hearing or any postponement thereof. Section
27 1128(b) provides that any party in interest may object to confirmation of the Plan. Any objection to
28 Confirmation must be made in writing and filed with the Bankruptcy Court and served on the
following parties, together with a certificate of service, no later than _____:

///

1 John Walshe Murray
2 Dorsey & Whitney LLP
3 305 Lytton Avenue
4 Palo Alto, CA 95014
5 Email: murray.john@dorsey.com

6 and

7 Robert G. Harris
8 Binder & Malter, LLP
9 2775 Park Avenue
10 Santa Clara, CA 95050
11 Email: rob@bindermalter.com

12 and

13 Office of the United States Trustee
14 United States Department of Justice
15 Attn.: John Wesolowski
16 280 S. First Street, #268
17 San Jose, CA 95113
18 Telephone: (408) 535-5525
19 Facsimile: (408) 535-5532
20 Email: john.wesolowski@usdoj.gov

21 Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

22 **B. Requirements for Confirmation of the Plan.**

23 At the Confirmation Hearing, the Bankruptcy Court must confirm the Plan if it determines
24 that all of the requirements of Section 1129 of the Bankruptcy Code have been satisfied. Applicable
25 requirements are as follows:

- 26 1. The Plan complies with the applicable provisions of the Bankruptcy Code;
- 27 2. The Debtor has complied with the applicable provisions of the Bankruptcy
28 Code;
- 29 3. The Plan has been proposed in good faith and not by any means forbidden by
30 law;
- 31 4. Any payment made or to be made by the Debtor, or by a person issuing
32 securities or acquiring property under the Plan, for services or for costs and expenses in or in
33 connection with the Bankruptcy Case, or in connection with the Plan and incident to the Bankruptcy

1 Case, has been approved by, or is subject to the approval of, the Court as reasonable;

2 5. The Debtor has disclosed the identity and affiliations of any individual
3 proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the
4 Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the
5 Debtor under the Plan; and the appointment to, or continuance in, such office of such individual, is
6 consistent with the interests of holders of Claims and Interests and with public policy; and the
7 Debtor has disclosed the identity of any insider that will be employed or retained by the Reorganized
8 Company, and the nature of any compensation for such insider;

9 6. With respect to each Class of Impaired Claims or Interests, each holder of a
10 Claim or Interest of such Class either (a) has accepted the Plan, or (b) will receive or retain under the
11 Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan,
12 that is not less than the amount that such holder would so receive or retain if the Debtor was
13 liquidated on such date under Chapter 7 of the Bankruptcy Code;

14 7. Subject to the “cramdown” provisions of the Bankruptcy Code discussed in
15 each Class of Claims or Interests has accepted the Plan;

16 8. Except to the extent that the holder of a particular Claim has agreed to a
17 different treatment of such Claim, the Plan provides that incurred, Allowed Administrative Claims
18 will be paid in full on the Effective Date of the Plan and that Allowed Priority Tax Claims will be
19 paid in full over a period not longer than five (5) years from the Petition Date;

20 9. If a Class of Claims is Impaired under the Plan, at least one Class of Impaired
21 Claims has accepted the Plan, determined without including any acceptance of the Plan by any
22 insider holding a Claim of such Class;

23 10. Confirmation of the Plan is not likely to be followed by the liquidation, or the
24 need for further financial reorganization, of the Debtor or any successor to the Debtor under the
25 Plan, unless such liquidation or reorganization is proposed in the Plan;

26 11. All fees payable under Section 1930 of title 28, as determined by the Court at
27 the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all
28 such fees on the Effective Date of the Plan; and

1 12. All transfers of property of the Plan are to be made in accordance with any
2 applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or
3 trust that is not a moneyed, business, or commercial corporation or trust.

4 **C. Compliance with Confirmation Requirements.**

5 The Committee believes that all of the foregoing requirements have been or will be met prior
6 to the Confirmation Hearing. Specifically, the Committee believes: (1) the Plan is in the best
7 interests of Creditors, in that holders of all Allowed Claims will receive payments under the Plan
8 having a present value as of the Effective Date of the Plan in amounts not less than the amounts
9 likely to be received if the Debtor was liquidated in a case under Chapter 7 of the Bankruptcy Code;
10 and (2) the Plan will be accepted by sufficient votes in each Impaired Class or may be confirmed
11 under the cramdown standards of Section 1129(b) of the Bankruptcy Code even if sufficient votes
12 are not received.

13 **D. Cramdown.**

14 In the event that any Impaired Class of Claims does not accept the Plan, the Bankruptcy
15 Court may still confirm the Plan at the request of the proponent if, as to each Impaired Class which
16 has not accepted the Plan, the Plan “does not discriminate unfairly” and is “fair and equitable.”
17 Generally, a plan of reorganization “does not discriminate unfairly” against a class if the plan
18 allocates value to that class in a manner consistent with the treatment afforded to other classes with
19 similar legal claims against the debtor. “Fair and equitable” has different meanings for the holders
20 of secured and unsecured claims, and for holders of interests.

21 With respect to a secured claim, “fair and equitable” means either: (a) the impaired secured
22 creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at
23 least equal to the allowed amount of its claim with a present value as of the effective date of the plan
24 at least equal to the value of such creditor’s interest in the property securing its liens; (b) property
25 subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien
26 attaching to the proceeds of the sale, and such lien proceeds are treated in accordance with clauses
27 (a) or (c) hereof; or (c) the impaired secured creditor realizes the “indubitable equivalent” of its
28 claim under the plan.

1 With respect to an unsecured claim, “fair and equitable” means either: (a) each impaired
2 unsecured creditor receives or retains property of a value equal to the amount of its allowed claim; or
3 (b) the holders of claims and interests that are junior to the claims of the dissenting class will not
4 receive any property under the plan. For example, while Class 6A under the Plan is Impaired,
5 holders of Allowed Unsecured Claims in Class 6 will receive payment in the full amount of their
6 Allowed Claims plus interest, under the Plan. Therefore, the Plan is fair and equitable with respect
7 to Allowed Unsecured Claims in Class 6A.

8 With respect to a class of interests, “fair and equitable” means either: (a) the plan provides
9 that each holder of an interest of such class receive or retain on account of such interest property of a
10 value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed
11 liquidation preference to which such holder is entitled, any fixed redemption price to which such
12 holder is entitled, or the value of such interest; or (b) the holder of any interest that is junior to the
13 interests of such class will not receive or retain any property under the plan on account of such junior
14 interest.

15 In the event that one or more Classes of Impaired Claims rejects the Plan, the Bankruptcy
16 Court will determine at the Confirmation Hearing whether the Plan is fair and equitable and does not
17 discriminate unfairly against any rejecting Impaired Class of Claims.

18 **ARTICLE XVIII.**

19 **BEST INTERESTS TEST.**

20 The Bankruptcy Court must independently determine that the Plan is in the best interest of all
21 Classes of Creditors and Interests. The “best interest” test requires that a plan provide to each
22 dissenting member of each Impaired Class a recovery that has a present value at least equal to the
23 present value of the distribution which each such Creditor or Interest holder would receive if the
24 Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

25 **A. Liquidation Under Chapter 7.**

26 In performing this analysis, the Bankruptcy Court must determine the amount that would be
27 generated from a Chapter 7 liquidation of the Debtor’s assets after deducting the costs of liquidation.

28 As a general matter, because a Chapter 7 Trustee does not operate a business, a

1 reorganization pursuant to the Plan will enable the Reorganized Company, under new, independent
2 management, to continue to operate the business as a going concern, proficiently administer the Plan
3 and maximize value for the Debtor's creditors in the most cost-effective and sensible manner.

4 On the other hand, a Chapter 7 Trustee's costs in liquidating the Bankruptcy Estate would
5 include the Trustee's commissions, the Trustee's expenses, fees for counsel and other professionals
6 retained by the Trustee, and additional Administrative Claims. Assets would be liquidated at
7 reduced liquidation values as opposed to their going concern value. In addition to liquidating the
8 Debtor's assets, the Trustee would also need to decide whether to litigate certain claims and
9 investigate other possible litigation matters. Generally, no distribution is made in a Chapter 7 case
10 until all assets of the bankruptcy estate and all claims have been liquidated, a process that often can
11 take many months and sometimes years. This delay could further impair the value of any
12 distribution made to holders of Claims in a Chapter 7 liquidation. As detailed herein, the Committee
13 believes that creditors will fare much better if the Debtor, under new management, is permitted to
14 continue its restructured operations, monetize existing assets in a manner designed to maximize its
15 value, and sell licenses for intellectual property, all as contemplated by the Plan.

16 **B. Liquidation Analysis.**

17 A liquidation analysis based on the estimates and figures set forth herein, comparing the
18 "best case," "worst case" and Chapter 7 liquidation scenarios. For purposes of this Disclosure
19 Statement, the Committee attaches as **Exhibit "B"** and incorporates herein by reference, the
20 Liquidation Analysis prepared by the Debtor (the "Liquidation Analysis"). The figures therein are
21 estimates prepared by the Debtor only, and the actual numbers underlying the assumptions may be
22 higher or lower and could be considerably higher or lower, and therefore, the ultimate Distribution
23 could fall significantly outside of the estimated range.

24 The Committee has not concluded its review of Claims and anticipates that objections to
25 Disputed Claims will be filed, the outcomes of which will affect the ultimate pool of Allowed
26 Claims. In addition, pursuant to the Plan, the Debtor will reject certain executory contracts, and
27 therefore, all Rejection Claims are undetermined at this time. As discussed above and set forth in
28 Article XIV above, there are numerous other contingencies and risk factors that will ultimately affect

1 the outcome of this Bankruptcy Case.

2 **ARTICLE XIX.**

3 **FEASIBILITY.**

4 The Plan contemplates the reorganization of the Debtor's finances and the implementation of
5 a new business strategy, which in turn will generate proceeds to fund the Plan. The Bankruptcy
6 Court must find that Confirmation of the Plan is not likely to be followed by the liquidation or the
7 need for further financial reorganization of the Debtor or the Reorganized Company unless such
8 liquidation or reorganization is contemplated by the Plan itself.

9 As discussed herein, the Plan provides for Distributions to Creditors from cash on hand, as
10 well as from cash flow from revenue from future operations. The Debtor has estimated that it will
11 have \$1,450,000 in cash as of the effective date of its plan which it asserts will be sufficient to pay
12 all Allowed Claims, Allowed Administrative Claims and all other payments required to be paid by
13 the effective date of its plan. The remaining payments and funding obligations under the Plan are
14 required to be made quarterly or as otherwise set forth in the Plan (see Articles III, IV and V, and
15 Section VI-F of the Plan). Under the Plan, the Committee estimates that Distributions may equal
16 \$420,000 - \$490,000 per quarter.

17 As discussed above, the Projections attached hereto as **Exhibit "A"** are based on numerous
18 key assumptions and estimates (detailed below), and therefore are not necessarily indicative of the
19 future financial condition or results of operations of the Reorganized Company, which may vary
20 significantly.

21 The Projections were prepared based on the following revenue assumptions: The Committee
22 does not have full access to the information available to the Debtor regarding its revenue projections
23 and is skeptical of the amounts for expected revenues in its disclosure statement. Therefore, the
24 Committee has reviewed the income statement of the Debtor attached as Exhibit B-2 to the Debtor's
25 Disclosure Statement and has utilized the Debtor's actual revenues in the last 3 years in preparing
26 the revenue projections.

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ARTICLE XX.

POST-CONFIRMATION MANAGEMENT.

The Manager will be the Responsible Person of the Reorganized Company. The duties of the Manager are discussed at Sections VI-B and VI-I above.

Dated: February 14, 2014

Official Committee of Unsecured Creditors

By: /s/ Marcie Brown

Marcie Brown
Chairperson

DORSEY & WHITNEY LLP

By: /s/ Robert A. Franklin

Robert A. Franklin
Attorneys for Official Committee of
Unsecured Creditors

1 JOHN WALSHE MURRAY (074823)
ROBERT A. FRANKLIN (091653)
2 THOMAS T. HWANG (218678)
DORSEY & WHITNEY LLP
3 305 Lytton Avenue
Palo Alto, CA 94301
4 Telephone: (650) 857-1717
Facsimile: (650) 857-1288
5 Email: murray.john@dorsey.com
Email: franklin.robert@dorsey.com
6 Email: hwang.thomas@dorsey.com

7 Attorneys for Official Committee of
Unsecured Creditors
8

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 In re:)
)
13 **TECHNOLOGY PROPERTIES LIMITED LLC,**) Case No. 13-51589-SLJ-11
fka TECHNOLOGY PROPERTIES LIMITED)
14 **INC., A CALIFORNIA CORPORATION,**) Chapter 11
fka TECHNOLOGY PROPERTIES LIMITED,)
15 **A CALIFORNIA CORPORATION,**)
)
16 Debtor.) Date: February 26, 2014
) Time: 2:00 p.m.
17) Place: United States Bankruptcy Court
) 280 S. First Street, Room 3099
) San Jose, CA 95113
18) Judge: Honorable Stephen L. Johnson
)
19

20 **EXHIBIT "A"**

21 **To**

22 **DISCLOSURE STATEMENT**
23 **FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION**
(FEBRUARY 14, 2014)

24
25
26 ***To Be Provided***
27
28

EXHIBIT COVER

1 JOHN WALSHE MURRAY (074823)
ROBERT A. FRANKLIN (091653)
2 THOMAS T. HWANG (218678)
DORSEY & WHITNEY LLP
3 305 Lytton Avenue
Palo Alto, CA 94301
4 Telephone: (650) 857-1717
Facsimile: (650) 857-1288
5 Email: murray.john@dorsey.com
Email: franklin.robert@dorsey.com
6 Email: hwang.thomas@dorsey.com

7 Attorneys for Official Committee of
Unsecured Creditors
8

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 In re:)
)
13 **TECHNOLOGY PROPERTIES LIMITED LLC,**) Case No. 13-51589-SLJ-11
fka TECHNOLOGY PROPERTIES LIMITED)
14 **INC., A CALIFORNIA CORPORATION,**) Chapter 11
fka TECHNOLOGY PROPERTIES LIMITED,)
15 **A CALIFORNIA CORPORATION,**)
)
16 Debtor.) Date: February 26, 2014
) Time: 2:00 p.m.
17) Place: United States Bankruptcy Court
) 280 S. First Street, Room 3099
) San Jose, CA 95113
18) Judge: Honorable Stephen L. Johnson
)
19

20 **EXHIBIT "B"**

21 **To**

22 **DISCLOSURE STATEMENT**
23 **FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION**
(FEBRUARY 14, 2014)

24
25
26
27
28
EXHIBIT COVER

EXHIBIT “B”

Chapter 11 Plan	Amounts	Chapter 7 Liquidation	Amounts
Projected Available Cash as of February 15, 2014	\$1,600,000	Projected Available Cash as of February 15, 2014	\$1,600,000
Projected 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

1 JOHN WALSHE MURRAY (074823)
ROBERT A. FRANKLIN (091653)
2 THOMAS T. HWANG (218678)
DORSEY & WHITNEY LLP
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6 Email: hwang.thomas@dorsey.com

7 Attorneys for Official
Committee of Unsecured Creditors

8
9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 In re:)
)
13 **TECHNOLOGY PROPERTIES LIMITED LLC,**) Case No. 13-51589-SLJ-11
fka TECHNOLOGY PROPERTIES LIMITED)
14 **INC., A CALIFORNIA CORPORATION,**) Chapter 11
fka TECHNOLOGY PROPERTIES LIMITED,)
15 **A CALIFORNIA CORPORATION,**) Date: February 26, 2014
) Time: 2:00 p.m.
16 Debtor.) Place: United States Bankruptcy Court
) 280 S. First Street, Room 3099
17) San Jose, CA 95113
) Judge: Honorable Stephen L. Johnson

18
19 **CERTIFICATE OF SERVICE**

20 STATE OF CALIFORNIA)
) ss.
21 COUNTY OF SANTA CLARA)

22 I am a citizen of the United States and employed in Santa Clara County. I am over the age of
23 eighteen years and not a party to the above-entitled action; my business address is 305 Lytton
24 Avenue, Palo Alto, California 94301.

25 On February 14, 2014, at my place of business, I served a true and correct copy of the
26 following document(s):

27 ///

28 ///

1 **DISCLOSURE STATEMENT**
2 **FOR OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF REORGANIZATION**
3 (FEBRUARY 14, 2014)

4 in the manner indicated below:

5 **By Electronic Filing** said document(s) and transmission of the Notification of Electronic
6 Filing by the Clerk to a Registered Participant(s), addressed as follows:

7 United States Trustee
8 Office of the U.S. Trustee
9 John S. Wesolowski
10 E-mail: john.wesolowski@usdoj.gov

11 Office of the U.S. Trustee/SJ
12 USTPRegion17.SJ.ECF@usdj.gov;
13 ltroxas@hotmail.com

14 Counsel for Debtor and
15 Debtor-in-Possession
16 Binder & Malter, LLP
17 Heinz Binder
18 Robert G. Harris
19 Wendy W. Smith
20 E-mail: Heinz@bindermalter.com
21 E-mail: Rob@bindermalter.com
22 E-mail: Wendy@bindermalter.com

23 **Request For Special Notice**

24 Counsel for Patriot Scientific Corp.
25 Gregory J. Charles, Esq.
26 Law Offices of Gregory Charles
27 E-mail: greg@gregcharleslaw.com

28 Counsel for Phil Marcoux as Shareholder
Representative for Chipscale Shareholders
Wm. Thomas Lewis, Esq.
Robertson & Lewis
E-mail: wtl@roblewlaw.com

Counsel for Alliacense Limited LLC
Peter C. Califano, Esq.
Cooper, White & Cooper
E-mail: pcalifano@cwclaw.com

Counsel for Farella Braun & Martel LLP
Gary M. Kaplan
Farella Braun & Martel LLP
E-mail: gkaplan@fbm.com

Counsel for Toshiba Corporation & Related Parties
Jon Swenson, Esq.
Baker Botts L.L.P.
E-mail: jon.swenson@bakerbotts.com

Counsel for Toshiba Corporation & Related Parties
C. Luckey McDowell, Esq.
Baker Botts L.L.P.
E-mail: luckey.mcdowell@bakerbotts.com

Counsel for Charles H. Moore
Kenneth H. Prochnow
Chiles and Prochnow, LLP
E-mail: kprochnow@chilesprolaw.com

Counsel for Swamy Venkidu
Javed I. Ellahie
Ellahie & Farooqui LLP
E-mail: Ellfarnotice@gmail.com

Counsel for Cupertino City Center Bldgs
Christopher H. Hart, Esq.
Schnader Harrison Segal & Lewis LLP
E-mail: chart@schnader.com

Counsel for OneBeacon Technology Insurance
Gregg S. Kleiner, Esq.
McKenna Long Aldridge LLP
E-mail: gkleiner@mckennalong.com

Counsel for Fujitsu Limited
G. Larry Engel, Esq.
Kristin A. Hiensch, Esq.
Morrison & Foerster LLP
E-mail: LEngel@mofo.com
KHiensch@mofo.com

Counsel for Chester A. and Marcie Brown, Jr.
Randy Michelson, Esq.
Michelson Law Group
E-mail: randy.michelson@michelsonlawgroup.com

Counsel for Apple, Inc.
Adam A. Lewis, Esq.
Morrison & Foerster LLP
E-mail: alewis@mofo.com

1 **By Mail** by enclosing said document(s) in an envelope and depositing the sealed envelope
2 with the United States Postal Service with the postage fully prepaid, addressed as follows:

3 **Request For Special Notice**

4 Counsel for Chester A. & Marcie Brown, Jr.
5 Sallie Kim, Esq.
6 GCA Law Partners LLP
7 2570 W. El Camino Real, Suite 510
8 Mountain View, CA 94040

SEC Headquarters
100 F Street, NE
Washington, DC 20549

SEC San Francisco Regional Office
44 Montgomery Street, Suite 2800
San Francisco, CA 94104

SEC
Los Angeles Regional Office
Michele Wein Layne, Regional Director
5670 Wilshire Blvd., 11th Floor
Los Angeles, CA 90036-3648

11 This Certificate was executed on February 14, 2014 at Palo Alto, Santa Clara County,
12 California. I declare under penalty of perjury that the foregoing is true and correct.

13
14 /s/ Sandra Bloomer

15 SANDRA BLOOMER