

FORM PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) **RECORDATION FORM COVER SHEET TRADEMARKS ONLY** U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab Settings ⇌⇌⇌ To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): Force Computers, Inc. 4305 Cushing Parkway Fremont, CA 94538 [ ] Individual(s) [ ] General Partnership [x] Corporation-State Delaware [ ] Other [x] Association [ ] Limited Partnership Additional name(s) of conveying party(ies) attached? [ ] Yes [x] No

2. Name and address of receiving party(ies) Name: Fonix Corporation Internal Address: Attn: Roger D. Dudley Street Address: 180 West Election Road, Suite 200 City: Draper State: UT Zip: 84020 [ ] Individual(s) citizenship [ ] Association [ ] General Partnership [ ] Limited Partnership [x] Corporation-State Delaware [ ] Other If assignee is not domiciled in the United States, a domestic representative designation is attached: [ ] Yes [x] No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? [ ] Yes [x] No

3. Nature of conveyance: [ ] Assignment [ ] Merger [x] Security Agreement [ ] Change of Name [ ] Other Execution Date: December 14, 2001

4. Application number(s) or registration number(s): A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,734,484 Additional number(s) attached? [ ] Yes [x] No

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Wilson Sonsini Goodrich & Rosati, P.C. Internal Address: Attn: Nancy Bouch Senior Legal Assistant Street Address: 650 Page Mill Road 1117-2B-P7 City: Palo Alto State: CA Zip: 94304

6. Total number of applications and registrations involved: 1 7. Total fee (37 CFR 3.41): \$ 40.00 [ ] Enclosed [x] Authorized to be charged to deposit account 8. Deposit account number: 23-2415 (Ref: 4255.000) (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Nancy Bouch Signature December 20, 2001 Date

Total number of pages including cover sheet, attachments, and document: 7 Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

## SECURITY AGREEMENT

SECURITY AGREEMENT (this "Agreement") dated December 14, 2001, between **FONIX CORPORATION**, a Delaware corporation with its principal place of business at 180 West Election Road, Suite 200, Draper, Utah 84020 (the "Debtor"), and **FORCE COMPUTERS, INC.**, a Delaware corporation with its principal place of business at 4305 Cushing Parkway, Fremont, California 94538 (the "Secured Party").

### RECITALS

A. Debtor and Secured Party are parties to that certain Asset Purchase Agreement of even date herewith (the "Asset Purchase Agreement"), pursuant to which Secured Party has agreed to sell, and Debtor has agreed to purchase the Acquired Assets (as defined in the Asset Purchase Agreement).

B. Debtor will pay a portion of the purchase price for the Acquired Assets by delivery to Secured Party of a Promissory Note of even date herewith in the original principal amount of \$1,280,000 (the "Note").

C. Secured Party's willingness to accept the Note from Debtor as payment for the Acquired Assets is conditioned on, among other things, Debtor's grant of a security interest in and to the Collateral, as defined below.

D. Debtor desires and is willing to grant to Secured Party a security interest in the Collateral in accordance with the terms of this Agreement.

### AGREEMENT

NOW, THEREFORE, in consideration of the premises, mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. **Security Interest.** As security for the Secured Obligations (described in Section 2 of this Agreement), Debtor hereby grants to Secured Party a first priority security interest (as that term is defined in the Uniform Commercial Code) (the "Security Interest") in the Acquired Assets and all proceeds from the sale, license or other disposition of any of the Acquired Assets (collectively the "Collateral").

2. **Secured Obligations.** The Security Interest in the Collateral hereby granted shall secure the due and punctual payment and performance of the following liabilities, duties, and obligations of Debtor: (a) all obligations under the Note and all renewals, extensions, and modifications thereof; (b) all duties and obligations of the Debtor contained in this Agreement and in all renewals, extensions, and modifications hereof; and (c) all sums that may be expended by Secured Party in the performance of any duty or obligation of Debtor, or to cure any default, under this Agreement (collectively, the "Secured Obligations").

3. Covenants of Debtor. Unless and until Secured Party consents in writing to another course of action, Debtor covenants and agrees as follows:

(a) Debtor will execute financing statements and take such further actions as may be necessary or convenient to perfect the Secured Party's Security Interest in the Collateral.

(b) Debtor will keep the Collateral free of liens, security interests, and encumbrances.

(c) Debtor will promptly pay and discharge any and all taxes, levies, and other impositions on or with respect to the Collateral, except those being contested in good faith, and shall do all acts necessary to preserve and maintain the value thereof.

(d) Debtor will promptly comply with all laws, ordinances and regulations of all governmental authorities applicable to the use or ownership of the Collateral.

4. Debtor's Right to Use and Possession. Without limiting the foregoing, until default, Debtor may maintain use and possession of the Collateral; provided that such use and possession does not materially impair the value of such Collateral.

5. Preservation of Collateral. Secured Party may, from time to time, at its option, perform any obligation to be performed by Debtor hereunder which Debtor shall fail to perform and take any other action which Secured Party may deem necessary for the maintenance or preservation of any of the Collateral or its Security Interest in the Collateral or any interest therein. All moneys advanced by Secured Party in connection with the foregoing, together with interest at a rate of eight percent (8%) per annum, shall be repaid by Debtor to Secured Party, upon the latter's demand, and shall be secured hereby prior to any other indebtedness or obligation secured hereby; but the making of such advance by Secured Party shall not relieve Debtor of any default hereunder until the full amount of all moneys so advanced and interest thereon is repaid by Debtor and such default is otherwise cured. The rights granted under this Section 5 shall be in addition to any other rights or remedies to which Secured Party may be entitled on account of default.

6. Events of Default. Debtor shall be in default under this Agreement (each an "Event of Default") upon:

(a) failure to make any payment to Secured Party when due;

(b) the occurrence of any event of default under this Agreement, the Note, or any other agreement or document pertaining to the Note;

(c) the filing of any document, pleading, or instrument reasonably indicating the inability of Debtor to pay its debts when due, including, without limitation, the filing of a voluntary or involuntary petition in bankruptcy; or

(d) the dissolution, liquidation, or other termination of Debtor's existence.

7. Remedies. From and after that date which is five (5) business days after written notice from Secured Party to Debtor of an Event of Default, and in addition to any other rights which may be available to Secured Party at law or in equity, Secured Party may, at its option:

(a) if Secured Party has exercised its remedies with respect to the Collateral Shares or the Royalty Account as set forth in the Asset Purchase Agreement, the Note or that certain Escrow Agreement of even date herewith by and among Debtor, Secured Party and the Escrow Agent named therein (the "Escrow Agreement"), and Debtor has not cured the Event of Default and the Secured Obligations have not been satisfied, Secured Party may, at its option, with respect to the Collateral:

(i) require Debtor to immediately cease using the Collateral in connection with Debtor's ongoing business and deliver to Secured Party the Collateral, including any and all certificates of title and any other comparable documents relating to the Collateral or, in the case of any portion of the Collateral constituting tangible personal property, to enter upon the property of Debtor to take possession of and remove the Collateral;

(ii) sell, lease, transfer, or otherwise deal with or dispose of the Collateral in its own name or in the name of Debtor including, without limitation, sale of the Collateral at public auction or by private sale; or

(iii) exercise any and all rights or remedies granted secured creditors under the provisions of the Uniform Commercial Code.

8. Termination of Security Agreement. This Agreement shall terminate upon Debtor's satisfaction in full of the Secured Obligations. Within a reasonable period of time after Secured Party's receipt of evidence from Debtor demonstrating Debtor's satisfaction of the Secured Obligations, Secured Party shall file termination statements or take such other actions as may be reasonably requested by Debtor to evidence the release of its lien and Security Interest in the Collateral.

9. Perfection. Concurrently with the execution and delivery of this Agreement, Debtor shall take all such actions as shall be necessary or as Secured Party may reasonably request to perfect and establish the priority of the Security Interest granted by this Agreement. Notwithstanding the generality of the foregoing, Debtor hereby expressly consents to the filing of any UCC-1 financing statement by Secured Party in any jurisdiction Secured Party deems necessary or appropriate.

10. Miscellaneous.

(a) Each right, power, and remedy herein specifically given to Secured Party or otherwise existing shall be cumulative and shall be in addition to every other right, power, and remedy herein specifically given or now or hereafter existing at law, in equity, or otherwise; and

each right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time as often and in such order as may be deemed expedient by Secured Party and the exercise of any right, power, or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power, or remedy. No delay or omission by Secured Party in the exercise of any right or power, or in the pursuance of any remedy, shall impair any such right, power, or remedy or be construed to be a waiver of any default on the part of Debtor or to be an acquiescence therein. No waiver by Secured Party of any breach or default by Debtor under this Agreement shall be deemed a waiver of any other previous breach or default or any other previous breach or default or any thereafter occurring.

(b) This Agreement shall be binding upon and inure to the benefit of the Debtor and Secured Party, and their respective successors and assigns, except that Debtor may not assign or transfer its rights hereunder without the prior written consent of Secured Party.

(c) Upon the occurrence of a default under this Agreement, the Note or any other agreement pertaining to the Note, Debtor does hereby constitute Secured Party, its successors and assigns, Debtor's true and lawful attorney, irrevocably, with full power (in the name of Debtor or otherwise) to ask, require, demand, receive, compound, and give acquittance for any and all moneys and claims for money due and to become due under to arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith, and to file any claims or take any action or institute any proceedings which Secured Party may deem to be necessary or advisable.

(d) Any consent, notice, or other communication required or contemplated by this Agreement shall be in writing and shall be delivered personally or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed (a) if to Secured Party at the address for Secured Party set forth in the heading of this Agreement, or (b) if to Debtor at the address for Debtor set forth in the heading of this Agreement, or in each case at such other address as such party shall have furnished to the other party to this Agreement in writing. Notices shall be deemed to have been given when delivered, if delivered personally, or five (5) days after deposited from mailing, if mailed by certified or registered mail.

(e) Debtor waives any right that it may have to require Secured Party to proceed against any other entity or individual, or proceed against or exhaust any other security, or pursue any other remedy Secured Party may have.

(f) In the event that any provision of this Agreement, the Note, or any other agreement entered into by the parties in connection with the Note, as applied to any party or circumstances shall be adjudged by a court to be invalid or unenforceable, Debtor acknowledges and agrees that this Agreement shall remain valid and enforceable in all respects against Debtor.

(g) No default shall be waived by Secured Party except in writing, and the waiver of any one right under this Agreement shall not operative as a waiver of any other right.

DEC-19-01 WED 05:01 PM SMART MODULAR  
12/14/01 FRI 10:30 FAX 1 801 415 3500

FAX NO. 5102528450  
DURHAM JONES & PINEGAR

P. 02  
000

(b) This Agreement shall be governed by and construed pursuant to the internal laws of the State of Delaware, without regard to choice of law principles.

(i) This Agreement may be executed in one or more counterparts, which taken together shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**DEBTOR:**

**FONIX CORPORATION,**  
a Delaware corporation

By: Thomas A. Kelly  
Its: Gen. Mgr. & CEO

**SECURED PARTY:**

**FORCE COMPUTERS, INC.,**  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

DEC-19-01 WED 05:01 PM SMART MODULAR

FAX NO. 5102528450

P. 03

(b) This Agreement shall be governed by and construed pursuant to the internal laws of the State of Delaware, without regard to choice of law principles.

(i) This Agreement may be executed in one or more counterparts, which taken together shall constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.


**DEBTOR:**

**FONIX CORPORATION,**  
a Delaware corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SECURED PARTY:**

**FORCE COMPUTERS, INC.,**  
a Delaware corporation

  
By: Arjay Shah  
Its: PRESIDENT