

Form **PTO-1594**
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):
StorNet, Inc. (f/k/a Vanguard Technology, Inc.); Applied Digital Systems, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: PNC Bank, National Association
Internal Address: Suite 440
Street Address: 2 North Lake Avenue
City: Pasadena State: CA Zip: 91101

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other Consent & Agmt. re Foreclosure
 Execution Date: September 25, 2002

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s) 76/293,812;
76/293,814; 76/293,813; 76/293,811

Additional number(s) attached Yes No

B. Trademark Registration No.(s) 2,056,820

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Michael G. Fatall
 Internal Address: Kirkland & Ellis
 Street Address: 200 E. Randolph Dr.
 City: Chicago State: IL Zip: 60601

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 140.00
 Enclosed
 Authorized to be charged to deposit account for any additional fees and/or credit

8. Deposit account number:
22-0440

DO NOT USE THIS SPACE

9. Signature.

Michael G. Fatall
Name of Person Signing


Signature

10/2/02
Date

Total number of pages including cover sheet, attachments, and document: 7

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Mail documents to be recorded with required cover sheet information to:
 Commissioner of Patent & Trademarks, Box Assignments
 Washington, D.C. 20231

SEP-26-2002 13:25

STORNET

P.02/07

Consent and Agreement Regarding Foreclosure

September 25, 2002

PNC Bank, National Association
(as lender and agent)
2 North Lake Avenue, Suite 440
Pasadena, California 91101

Citicorp U.S.A., Inc.
153 E. 53rd Street
25th Floor/Zone 5
New York, New York 10022

Gentlemen:

Reference is made to the Revolving Credit, Term Loan and Security Agreement (the "Loan Agreement") dated as of March 31, 2000 among StorNet, Inc., formerly known as Vanguard Technology, Inc., a Colorado corporation ("StorNet"), Applied Digital Systems, Inc., a Pennsylvania corporation ("ADS") ("StorNet" and "ADS", each a "Debtor" and collectively, "Debtors"), the "Lenders" (as defined therein) and PNC Bank, National Association ("PNC") as agent for Lenders (PNC in such capacity, "Agent"). (Capitalized terms used herein, which are not defined, shall have the meanings set forth in the Loan Agreement.)

Each Debtor acknowledges that (i) defaults and Events of Default have occurred under the Loan Agreement and the agreements, documents and instruments entered into in connection therewith (collectively referred to, with the Loan Agreement, as the "Loan Documents") because, among other reasons, Debtors have failed to maintain the Fixed Charge Coverage Ratio required pursuant to Section 6.5 of the Loan Agreement and Debtors' financial and operational condition has changed materially such that they now require additional capital or advances in excess of what is available under the terms of the Loan Agreement, (ii) Agent is not obligated to make any additional Advances to Debtors, and (iii) the Obligations are secured by Agent's security interest in Debtors' Collateral. Debtor further acknowledges that, as a result of the Events of Default under the Loan Documents, Agent is presently entitled to exercise all rights and remedies granted to Agent under the Loan Documents and by law, including without limitation, the right to take immediate possession of all of the Collateral and conduct a foreclosure sale of the Collateral, all of which rights and remedies are reserved.

Accordingly, Debtors surrender to Agent possession of the Collateral, wherever located. In order to comply with Debtors' obligations under the Loan Agreement, Debtors hereby agree to assemble the Collateral, and to deliver possession of the Collateral to Agent (or to a third party at Agent's direction), immediately on Agent's request. Debtors also agree to allow Agent to enter and remain upon Debtors' premises to take and maintain possession and control of the Collateral. Debtors hereby consent to Agent's disposition of the Collateral in accordance with the terms of the Loan Documents, at private or public sale, and also consent to Agent, at Agent's discretion, retaining the Collateral in satisfaction of the Obligations. Without limiting the foregoing, and

SEP-26-2002 13:25

STORNET

P.03/07

without limiting any other terms of disposition which would be considered commercially reasonable, Debtors acknowledge and agree that the proposed private sale of Debtors' assets by Agent to Solunet Storage, Inc. pursuant to the terms of the Asset Purchase Agreement among Agent, Solunet Storage, Inc., Debtors and certain of the Debtors' affiliates (the "Proposed Sale") is commercially reasonable. Debtors acknowledge that, due to the difficult business environment, they have been diligently and continuously seeking investors or buyers for part or all of their business and assets, and for that purpose Debtors engaged SSG Capital Advisors, L.P. (the "Investment Banker") to explore strategic alternatives for the Debtors, with a first priority on a sale of the Debtors' assets. The efforts by Debtors and the Investment Banker resulted in the Proposed Sale which Debtors and the Investment Banker have determined is the most commercially reasonable alternative for the disposition of the Debtors' assets. In order to comply with Debtor's obligations under the Loan Agreement, Debtors (i) agree to cooperate with Agent and, as has been requested by Agent, the buyer in the Proposed Sale, in order to transfer title and possession to said buyer of the assets to be sold in the Proposed Sale, and (ii) each grant to you an irrevocable power of attorney coupled with an interest, authorizing and permitting Agent (acting through any of its employees, attorneys or agents) at any time, at its option, but without obligation, with or without notice to such Debtor, to do the following, in such Debtor's name or otherwise: execute on behalf of Debtor any agreement, document or instrument of conveyance or transfer, lien release, transfer statement, application for permit, filing, notice, or other item necessary or appropriate to transfer title to the "Acquired Assets" (as defined in the Proposed Sale agreement) and to otherwise consummate the Proposed Sale.

Debtor further acknowledges and agrees that any non-cash consideration received with respect to any disposition by Agent may turn out to be much less than the face value or other value attributed to it at the time of the sales and that Agent shall have the option, in its sole discretion, of not reducing the Obligations by the portion of the purchase price represented by such consideration until the actual receipt by Agent of cash therefor.

Each Debtor waives and relinquishes any rights such Debtor may have with respect to any notice regarding the sale or disposition of the Collateral, and any rights to notice of, or to object to, any proposal by Agent to retain the Collateral in satisfaction of the Obligations.

Each Debtor hereby releases and forever discharges Agent and Lenders, and each of their successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, participants, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, which such Debtor now has or at any time may hold, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this letter. Each Debtor hereby waives the benefits of California Civil Code Section 1542 which provides: **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."** This release is fully effective on the date hereof.

The Debtors represent and warrant as follows so that Agent and Lenders may rely upon the information in connection with the enforcement of the security interests:

SEP-26-2002 13:26

STORNET

P.04/07

1. The exact names of the Debtors as currently set forth in their Articles/Certificates of Incorporation are, respectively (a) StorNet, Inc. and (b) Applied Digital Systems, Inc.
2. StorNet, Inc. is a Colorado corporation and Applied Digital Systems, Inc. is a Pennsylvania corporation.
3. Within the last six years, each of the Debtors had only the following former names under their Articles/Certificates of Incorporation, respectively:
 - a. StorNet, Inc.: (i) Vanguard Technology, Inc.; (ii) R Squared, Inc.
 - b. Applied Digital Systems, Inc.: None.
4. Within the last five years, no entities were merged into either of the Debtors, except for the following, respectively:
 - a. StorNet, Inc.: StorNet, Inc., a Pennsylvania corporation.
 - b. Applied Digital Systems, Inc.: None.
5. Within the last five years, the only entity from which either of the Debtors acquired any personal property (other than goods purchased by Debtors in the ordinary course of business and other than purchases of personal property with a current value of not more than \$50,000, valued at the greater of cost or market value) is Concorde Technologies, Inc., from which StorNet, Inc. purchased certain assets in exchange for \$300,000 of StorNet, Inc. stock, and which was for the purpose of StorNet, Inc. obtaining certain rights related to Concorde employees and customers.
6. Within the last five years, each of the entities that were merged into Debtors, as named in subparagraph 4 above, had only the following former names under their Articles/Certificates of Incorporation, respectively:
 - a. StorNet, Inc.: None.
7. The location of the current chief executive office of each of the Debtors is as follows:
 - a. StorNet, Inc.: 7074 South Revere Parkway, Englewood, Colorado 80112.
 - b. Applied Digital Systems, Inc.: 7074 South Revere Parkway, Englewood, Colorado 80112.
8. Within the last five years, each of the Debtors, and the entities that were merged into Debtors, as named in subparagraph 4 above, had only the following former locations for their chief executive officers, respectively:
 - a. StorNet, Inc. (the Debtor): 11211 East Arapahoe Road, Englewood, Colorado 80112.
 - b. Applied Digital Systems, Inc.: 30 Liftbridge Lane East, Fairport, New York 14450.
 - c. StorNet, Inc. (the Pennsylvania corporation): 1109 Saunders Court, West Chester, Pennsylvania 19380.

SEP-26-2002 13:26

STORNET

P.05/87

9. The following is a list of the only locations of either of the Debtors at which the Debtors maintain any assets, along with a description of the assets maintained there:

- a. 7074 South Revere Parkway, Englewood, Colorado 80112: the majority of Debtors inventory, equipment and other assets, including business records.
- b. 30 Liftbridge Lane East, Fairport, New York 14450: inventory and leasehold improvements.
- c. 624 Krona Drive, Suite 160, Plano, Texas 75074-8303: inventory, equipment constituting a demonstration lab, and leasehold improvements.
- d. 11104 W. Airport Boulevard, Suite 156, Stafford, Texas 77477-3033: inventory, equipment constituting a demonstration lab, and leasehold improvements.
- e. 1109 Saunders Court, West Chester, Pennsylvania 19380-4295: a small amount of office equipment.
- f. 175 Montrose West Avenue, Suite 280, Akron, Ohio 44321-2761: office equipment worth less than \$2,000 current market value.
- g. 18003 Skypark Circle, Bldg. 53, Suite B, Irvine, California 92614-6544: office equipment worth less than \$2,000 current market value.
- h. 7110 SW Fir Loop, Suite 150, Tigard, Oregon 97223-8031: office equipment worth less than \$2,000 current market value.
- i. 2270 NW Parkway SE, Suite 165, Marietta, Georgia 30067-9318: office equipment worth less than \$2,000 current market value.
- j. 5350 College Blvd., Suite 104, Overland Park, Kansas 66211-1633: office equipment worth less than \$2,000 current market value.
- k. 150 North Wacker Drive, Suite 1925, Chicago, Illinois 60606-1621: office equipment worth less than \$2,000 current market value.
- l. 200 South Executive Drive, Suite 101, Brookfield, Wisconsin 53005: office equipment worth less than \$2,000 current market value.
- m. 4320 Auburn Blvd., Suite 2100, Sacramento, California 95841-4154: office equipment worth less than \$2,000 current market value.
- n. 3131 Princeton Pike, Lawrenceville, New Jersey 08648-2201: office equipment worth less than \$2,000 current market value.
- o. 4241 21st Avenue West, Suite 206, Seattle, Washington 98199-1271: office equipment worth less than \$2,000 current market value.
- p. 2480 Highway 287 North, Suite 103, Mansfield, Texas 76063-7927: office equipment worth less than \$2,000 current market value.
- q. 174 W. Comstock Ave., Suite 110, Winter Park, Florida 32789-4347: office equipment worth less than \$2,000 current market value.

SEP-26-2002 13:26

STORNET

P.05/07

- r. 8245 Boone Blvd., Suite 800, Vienna, Virginia 22182-3850: office equipment worth less than \$2,000 current market value.
- s. 4625 S. Wendler Drive, Suite 111, Tempe, Arizona 85282-6308: office equipment worth less than \$2,000 current market value.

10. The only non-Debtor location at which the Debtors maintain any assets is at the premises of Cherokee Data, 1219 North Classen Boulevard, Oklahoma City, Oklahoma 73106, where approximately \$250,000 of inventory was sent for sale on consignment in early 2000.

11. All of the assets of Debtors are owned by Debtors free and clear of all security interests, liens and other encumbrances except for the security interest in favor of Agent and Lenders; Debtors are not delinquent in the payment of any federal, state, local or other taxes, and, without limiting the foregoing, no notice of tax lien has been given to or filed against either of the Debtors; no judgment lien or attachment lien has been filed with respect to either Debtor or any of their assets and no party which claims that either of the Debtors has breached an agreement with such party has possession of any of Debtors' assets; and neither of the Debtors is delinquent in the payment of any amounts due under any lease of personal property or under any lease of real property with respect to any premises at which Collateral is located.

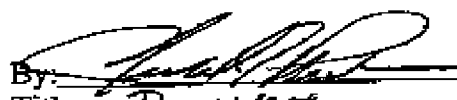
Each Debtor understands and agrees that nothing herein or in connection with the Proposed Sale is to be deemed to be a waiver or modification of any rights or remedies you now have or may hereafter have under the Loan Documents, at law or in equity. Each Debtor acknowledges that you have not made any oral representation, warranties, promises, or agreements in order to induce Debtor to execute this letter, and Debtor agrees that your acceptance of this letter does not constitute a waiver of, or agreement to forebear from exercising, any of your rights and remedies. Without limitation upon the terms of the Loan Documents, the Debtors each agree that (i) your costs and expenses in connection with this Agreement, the Proposed Sale, and the transactions contemplated thereby, are part of the Debtors' "Obligations" under the Loan Agreement, (ii) the proceeds to be received pursuant to the Proposed Sale are not sufficient to satisfy the Obligations and therefore, notwithstanding the Proposed Sale, you will maintain a deficiency against Debtors in the amount of the unsatisfied Obligations, and (iii) if any payment received by you in connection with this Agreement, the Proposed Sale or the transactions contemplated thereby, is ever invalidated, declared to be fraudulent or preferential, set aside and/or required to be paid to a trustee, receiver or any other party, or if you are ever required to make any payment to the buyer in the Proposed Sale or any other party as a result of any alleged breach of any of the representations and warranties, or any other term, under or in connection with this Agreement, the Proposed Sale, or the transactions contemplated thereby, then the Debtors' liability for any amount of Debtors' obligations to you that had previously been considered satisfied as a result of such payment, shall be reinstated.

Very truly yours,

Applied Digital Systems, Inc.

By: 
 Title: President

StorNet, Inc.

By: 
 Title: President

SEP-26-2002 13:27

STORNET

P.07/07

Although the undersigned acknowledge that their consent to the foregoing is not required, the undersigned nonetheless do consent to the foregoing, and, in addition, the undersigned hereby waive and relinquish any rights that the undersigned may have with respect to any notice regarding the sale or disposition of Collateral, and any rights to notice of, or to object to, any proposal by Agent to retain Collateral in satisfaction of the Obligations.

Applied Digital Systems of Virginia, Inc.

Dallas Digital Corporation

By: [Signature]
Title: President

By: [Signature]
Title: President