

SECURITY AGREEMENT

This Security Agreement (this "**Agreement**"), dated as of November 22, 2006, is given by Holocom Networks, a California corporation ("**Grantor**"), in favor of Patriot Scientific Corporation, a Delaware corporation ("**Secured Party**"), with reference to the following:

RECITALS

A.

B.

C.

NOW, THEREFORE, in order to induce Secured Party to make the Revolving Loan to Grantor, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantor hereby represents, warrants, covenants, grants and agrees as follows:

AGREEMENT

1. Incorporation of Recitals; Capitalized Terms. The recitals set forth hereinabove are not merely recitals, but rather are an integral part of this Agreement and are incorporated herein by this reference. All capitalized terms not otherwise defined herein have the meanings defined for them in the Note or the Line of Credit Agreement, as the case may be.

2. Security Interest.

(a) Grantor hereby grants to Secured Party a security interest (a) in all of the Collateral, whether now owned or hereafter acquired, wherever located, whether or not such personal property is or has been purchased, financed or otherwise acquired by the use of Advances, whether such property is related to the business conducted by Grantor under any fictitious business name referred to herein or under any other name, and whether or not the creation of a security interest therein is subject to the California Uniform Commercial Code or the Uniform Commercial Code, as in effect in any other jurisdiction, and (b) in all proceeds and products thereof.

(b) Grantor hereby authorizes Secured Party to file appropriate UCC financing statements with respect to the Collateral. Secured Party may, in its discretion, describe

the Collateral as "all assets" or "all personal property." Grantor ratifies any such UCC financing statement heretofore filed by Secured Party.

(c) The security interest granted to Secured Party hereunder shall secure the following (collectively, the "**Secured Obligations**"):

(i) Payment of the Note and all indebtedness evidenced thereby and the payment of all other amounts due or to become due under the Line of Credit Agreement and each other Loan Document.

(ii) The due, prompt and complete performance and observance of each and all of the terms and conditions of the Note, the Line of Credit Agreement, and all other Loan Documents; and

(iii) The due, prompt and complete performance and observance of each and all of the agreements of Grantor contained herein.

3. Collateral Assignment. To secure the complete and timely payment and performance of all of the Secured Obligations, Grantor hereby irrevocably grants, transfers, conveys and assigns to Secured Party, as and by way of a mortgage and security interest, with power of sale, to the extent permitted by law, all of Grantor's worldwide right, title and interest in, to and under the Patents and the Trademarks (as those terms are defined in Exhibit A) whether now existing or hereafter acquired or arising or in which Grantor now has or hereafter acquires or develops an interest.

4. Continuing Security Interest. Grantor agrees that this Agreement shall create a continuing security interest in the Collateral which will remain in effect until all Secured Obligations are satisfied in full.

5. Grantor's Representations. Grantor hereby represents and warrants to Secured Party, and agrees, that:

(a) The description of the Collateral set forth on Exhibit A is accurate and complete.

(b) Schedule 1 and Schedule 2 set forth a true, correct and complete list of all of the existing Patents and Trademarks that are registered or for which any application for registration has been filed with the PTO or any corresponding or similar office of any other jurisdiction and that are owned or used by Grantor, in whole or in part.

(c) Grantor is and will be the sole owner of the Collateral.

(d) All maintenance, renewal and other fees required to be paid on account of any Collateral have been timely paid for maintaining such Collateral in force, and all affidavits of use required to be filed with respect to any Collateral have been timely filed to maintain such Collateral in force.

(e) Grantor has continually used in commerce all Trademarks once use of such has commenced.

(f) The Collateral is and will be free and clear of any adverse claims and any liens, encumbrances or security interests other than the security interest of Secured Party therein under this Agreement and other security interests listed on Schedule 3 attached hereto, securing the Secured Obligations identified thereon. Further, at Secured Party's request, Grantor will use its best efforts to cooperate with Secured Party to obtain subordinations of any superior security interests.

(g) This Agreement has been duly authorized and executed and constitutes the legal, valid and binding obligation of Grantor, enforceable against Grantor in accordance with its terms.

(h) Grantor will not, without the prior written consent of Secured Party, remove or dispose of Collateral or any interest therein except for such portions or items of Collateral as are consumed or worn out in ordinary usage in the ordinary course of business, all of which shall be promptly replaced by Grantor with property of similar nature and of equal or greater value, and except for sales of inventory in the ordinary course of Grantor's business and in compliance with any other agreement between Grantor and Secured Party, in any capacity, relating thereto, including any definitive agreement related to the Acquisition (as defined in the Line of Credit Agreement).

(i) The cost of filing or recording financing statements and/or fixture filings in all public offices wherever filing is deemed by Secured Party to be necessary or desirable shall be paid by Grantor, or if so elected by Secured Party in its sole discretion, paid by Secured Party with funds from the Revolving Loan, in which case such funds shall be treated in all respects as an Advance, except that no conditions precedent otherwise applicable to Advances shall apply thereto, and Grantor hereby expressly authorizes Secured Party to make any such Advance.

(j) Grantor's place of business (or, if Grantor has more than one place of business, its chief executive office) is located at 2386 Faraday Ave Ste. 200, Carlsbad, CA 92008. Other than as listed on Schedule 3 hereto, Grantor does not do business under any trade name or fictitious business name and has not used any other trade name or fictitious business name within the last ten years. Grantor's true corporate name, and its sole jurisdiction of incorporation, are, and have been for the five-year period preceding the date hereof, as set forth in the preamble to this Agreement. Grantor will immediately notify Secured Party in writing of any change in its place of business or the adoption or change of any trade name or fictitious business name, and will upon request of Secured Party, execute or authenticate any additional financing statements or other certificates or records necessary to reflect the adoption or change in trade names or fictitious business name. Grantor will not change its corporate name or jurisdiction of incorporation except with the prior written consent of Secured Party.

(k) Grantor will keep the Collateral current, collected and/or in good condition and repair, and will not misuse, abuse, allow to deteriorate, waste or destroy the Collateral or any part thereof, except for ordinary wear and tear resulting from its normal and

expected use in Grantor's business. Secured Party may examine and inspect the Collateral at any reasonable time, wherever located.

(l) Grantor, in a timely manner, will execute or otherwise authenticate, or obtain, any document or other record, give any notices, do all other acts, and pay all costs associated with the foregoing, that Secured Party determines is reasonably necessary to protect the Collateral against rights, claims or interests of third parties, or otherwise to preserve the Collateral as security hereunder.

(m) Grantor shall immediately notify Secured Party of any claim against the Collateral adverse to the interest of the Secured Party therein.

(n) Grantor shall prosecute diligently any Patent, Trademark or other intellectual property application pending as of the date hereof or hereafter.

(o) Grantor shall notify Secured Party in writing of any registrations received for any of the Patents, Trademarks or other Collateral, and if Secured Party determines it is necessary to amend this Agreement, any assignments or other documents to reflect the addition of such registrations as Collateral, Grantor will execute and deliver such amendments to Secured Party.

6. Protection of Collateral by Grantor.

(a) Except as permitted under Section 5(h), Grantor shall not sell, transfer, further encumber or dispose of the Collateral, or any part thereof, without the prior written consent of Secured Party. Grantor shall keep the Collateral free from any and all liens, encumbrances, security interests and adverse claims of every kind and nature whatsoever other than the security interest of Secured Party therein under this Agreement, security interests in existence as of the date hereof and listed on Schedule 3 and such other security interests as may be specifically approved by Secured Party in writing. Grantor shall, at its own expense, appear in and defend any and all actions and proceedings which purport to affect title to the Collateral, or any part thereof, or which purport to affect the security interest of Secured Party therein under this Agreement.

(b) Grantor shall actively police and defend the Collateral, file and prosecute lawsuits, interference, opposition and cancellation proceedings, and take such other actions as necessary to protect the strength of and rights in the Collateral.

(c) Grantor shall renew, preserve and maintain all Patents, Trademarks and other Collateral in a timely manner, including without limitation filing all required affidavits and other documents and paying all necessary maintenance and other fees.

(d) Grantor shall, at its own expense, maintain insurance with respect to the Collateral in such amounts, against such risks, in such form and with such insurers, as is commonly maintained by prudent persons engaged in businesses similar to the business engaged in by Grantor or as otherwise may be required under the Line of Credit Agreement. Each policy of liability insurance shall provide for all losses to be paid on behalf of Secured Party and Grantor as their respective interests may appear; and each policy of property damage insurance

shall provide for all losses to be paid directly to Secured Party. Each such policy shall in addition: (i) name Secured Party as an insured party thereunder (without any representation or warranty by or obligation upon Secured Party) as its interest may appear; (ii) contain the agreement by the insurer that any loss thereunder shall be payable to Secured Party notwithstanding any action, inaction or breach of representation and warranty by Grantor; (iii) provide that there shall be no recourse against Secured Party for payment of premiums or other amounts with respect thereto; and (iv) provide that at least thirty (30) days' prior written notice of amendment to or cancellation or lapse of such policy shall be given to Secured Party by the insurer. Grantor shall, if so requested by Secured Party, deliver to Secured Party original or duplicate policies of all such insurance and, as often as Secured Party may request, a report of a reputable insurance broker with respect to such insurance. Further, Grantor shall, at the request of Secured Party, duly execute or otherwise authenticate and deliver such instruments of assignment of such insurance policies as Secured Party may reasonably request for purposes of perfecting or protecting its interest therein or with respect thereto, and cause each affected insurer to acknowledge notice of such assignment

(e) Amounts payable under any liability insurance maintained by Grantor pursuant hereto may be paid directly to the person or entity who shall have incurred liability covered by such insurance. All proceeds of insurance payable with respect to any loss involving damage to or loss of any Collateral shall be paid directly to Secured Party and, in Secured Party's discretion, applied to payment of the Secured Obligations in such order as the Secured Party may determine in its sole discretion or held as Collateral hereunder. If, in Secured Party's discretion, it elects to permit the use of all or any portion of such proceeds to repair or replace the affected Collateral, Grantor shall make or cause to be made the necessary repairs to or replacements of such Collateral, and, upon receipt by Secured Party of invoices and other documentation, in reasonable detail, evidencing such repair or replacement and the cost thereof, Secured Party shall release to Grantor, as reimbursement therefor (but only to the extent of the lesser of the cost of such repair or replacement and the amount of any such proceeds actually received by Secured Party), the insurance proceeds paid with respect to such loss.

7. Protection of Collateral by Secured Party.

(a) Secured Party shall have the right at any time (but shall have no obligation), with or without notice and either in its own name or in the name of its nominee or in the name of Grantor, at the expense of Grantor, to:

(i) Collect by legal proceedings or otherwise all insurance proceeds, rents, interest, dividends, distributions, principal payments and other sums now or hereafter payable upon or on account of the Collateral.

(ii) Enter into any extension or other agreement in any way relating to or affecting the security interest of Secured Party in the Collateral and, in connection therewith, dispose of or surrender control of such security interest in the Collateral, or any part thereof, and accept other property in addition to or in exchange or substitution therefor, or any part thereof.

(iii) Make any compromise or settlement on terms advisable, proper or reasonable with reference to the Collateral.

(iv) Insure, protect and preserve the Collateral.

(v) Without limiting the generality of the foregoing, exercise all the rights, powers and remedies of an owner of the Collateral, subject, however, to the exception that there shall be no sale of all or any portion of the Collateral except upon an uncured default by Grantor under this Agreement or an Event of Default under the Note, the Line of Credit Agreement or any other Loan Document.

(b) If Grantor fails to perform any agreement contained in this Agreement, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by Grantor in accordance with the provisions of the Line of Credit Agreement relating to payment and reimbursement of expenses.

(c) In connection with the foregoing, Grantor hereby irrevocably constitutes and appoints Secured Party as Grantor's attorney-in-fact to enforce, in the name of Grantor or in the name of Secured Party, or otherwise, all the rights, benefits and privileges of Grantor in and to the Collateral. This power of attorney is deemed to be coupled with an interest and may not be revoked by Grantor during the term of this Agreement.

(d) The powers conferred on Secured Party under this Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall not have any duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. Without limiting the generality of the foregoing, Secured Party shall have no obligation to ascertain or to initiate any action with respect to or to inform Grantor of maturity dates, conversion, call or exchange rights, offers to purchase the Collateral or any similar matters, notwithstanding Secured Party's knowledge. Secured Party shall have no duty to initiate any action to protect against the possibility of a decline in the value of the Collateral.

8. Modification of Revolving Loan by Secured Party. Without affecting the liability of Grantor or of any other person or entity who is or shall become bound by the terms of this Agreement or who is or shall become liable for the performance of all or any portion of the Secured Obligations, Secured Party may, in such manner, upon such terms and at such times as Secured Party deems best and without notice or demand, (i) release any party now or hereafter liable for the performance of any such obligation, (ii) extend the time for such performance, (iii) accept additional security therefor, (iv) alter, substitute or release any property securing such performance, or (v) enter into any agreement with Grantor modifying in any way whatsoever the terms and provisions of the Revolving Loan, the Line of Credit Agreement and any other Loan Documents. No exercise or non-exercise by Secured Party of any of its rights under this Agreement, no dealing by Secured Party with any person or entity, and no change, impairment, loss or suspension of any right or remedy of Secured Party, shall in any way affect any of the Secured Obligations of Grantor hereunder or any security furnished by Grantor, or give Grantor any recourse against Secured Party.

9. Further Acts of Grantor. Grantor shall, at the request of Secured Party, execute or otherwise authenticate and deliver to Secured Party any financing statements, financing statement changes and any and all additional instruments, documents and other records, and Grantor shall perform all actions, that from time to time Secured Party may reasonably deem necessary or desirable to carry into effect the provisions of this Agreement or to establish or maintain a perfected security interest in the Collateral having the priority provided for herein or otherwise to protect Secured Party's interest in the Collateral.

10. Future Rights. If, before the Secured Obligations are satisfied in full, Grantor develops or acquires rights to any new Patents, Trademarks or any other Collateral, or any reissue, division, continuation, continuation-in-part, renewal, extension, derivative or any improvements of any Patents, Trademarks, or any other Collateral are made, the provisions of this Agreement, including Sections 2, 3, 4, 5 and 6 above, shall automatically apply thereto and Grantor shall give Secured Party written notice thereof and Schedule 1 or Schedule 2, as the case may be, shall automatically include all of the foregoing by operation of this provision.

11. Effect of Additional Security. If the performance of all or any portion of the Secured Obligations shall at any time be secured by any other collateral, the exercise by Secured Party, in the event of a default in the performance of any such obligation, of any right or remedy under any agreement or other record granting a lien on or security interest in such collateral shall not be construed as or deemed to be a waiver of, or limitation upon, the right of Secured Party to exercise, at any time and from time to time thereafter, any right or remedy under this Agreement or under any other such agreement or record.

12. Default. Upon the occurrence of an Event of Default under the Note, the Line of Credit Agreement or any other Loan Document (in each case, as "Event of Default" is defined therein) (each, an "**Event of Default**"):

(a) In addition to any and all other rights and remedies provided for herein or otherwise available to Secured Party, the Secured Party shall have all the rights and remedies of a secured party on default under the California Uniform Commercial Code (whether or not the California Uniform Commercial Code applies to the affected Collateral) or, to the extent required by applicable law, the Uniform Commercial Code as in effect in the jurisdiction where Secured Party enforces such rights and remedies, and also may (i) require Grantor to, and Grantor hereby agrees that it shall at its expense and upon the request of the Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place, to be designated by Secured Party, that is reasonably convenient to both parties; (ii) enter the premises where any of the Collateral is located and take and carry away all or any portion of the Collateral, by any of its representatives, with or without legal process, to a place of storage; and (iii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery and upon such other terms as Secured Party may deem commercially reasonable, without assumption of any credit risk. Secured Party may, in its own name, or in the name of a designee or nominee, buy the Collateral at any public sale and, if permitted by applicable law, at any private sale; and shall have the right to credit against the amount of the bid made therefor the amount payable to Secured Party out of the net proceeds of such sale. If sale of all or any part of the Collateral is made on credit or for future delivery: (1) the Collateral so

sold may be retained by Secured Party until the sale price is paid by the purchaser or purchasers thereof, (2) the Secured Obligations shall be reduced only to the extent that payment is actually received by Secured Party in respect of such sale, and (3) Secured Party shall not incur any liability if any purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice.

(b) Grantor recognizes that Secured Party may be unable to effect a public sale of all or part of the Collateral consisting of investment property by reason of certain prohibitions contained in the Securities Act of 1933, as amended, or in applicable state securities laws as now or hereafter in effect, unless registration or qualification, as the case may be, is accomplished. Grantor acknowledges that Secured Party may resort to one or more private sales to a single purchaser or a restricted group of purchasers who will be obliged to agree, among other things, to acquire such investment property for their own account, for investment and not with a view to the distribution or resale thereof. Grantor agrees that private sales may be at prices and other terms less favorable to Grantor than if such investment property were sold at a public sale and that Secured Party shall have no obligation to delay the sale of any such portion of the Collateral for the period of time necessary to permit the issuer of such investment property to register or qualify such investment property, even if such issuer would, or should, proceed to register or qualify such investment property for public sale. Grantor agrees that private sales made under the foregoing circumstances shall be deemed to have been made in a "commercially reasonable" manner.

(c) Secured Party may use (and is hereby granted a license to use), in connection with any assembly, preparation for disposition or disposition of the Collateral, any of the trademarks, copyrights, patents, technical processes, trade names, service marks or trade styles and other intellectual property used by Grantor, without payment or additional compensation therefor.

(d) Grantor agrees that, to the extent that notice of sale shall be required by law, at least ten (10) business days' notice to the Grantor of the time and place at which any public or private sale is to be made shall constitute reasonable notification; provided that Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given.

(e) Expenses of retaking, holding, preparing for sale, selling, collecting or the like shall include Secured Party's attorneys', expert witnesses' and consultants' fees and disbursements, including without limitation those attorneys', expert witnesses' and consultants' fees and disbursements, and other expenses, incurred by Secured Party in connection with any appeal, the enforcement of any judgment, or any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving Grantor that in any way affect the exercise by Secured Party of its rights and remedies hereunder.

13. No Implied Waivers. The several rights and remedies of Secured Party hereunder or herein referred to shall, to the fullest extent permitted by law, be construed as cumulative, and none of said rights and remedies is exclusive of the others. No delay or omission on the part of Secured Party in exercising any right or remedy created by, connected with or provided for in this Agreement or arising from any default by Grantor or by any other person or entity the

performance of whose obligations is secured hereby, shall be construed as or be deemed to be an acquiescence in or a waiver of such default or a waiver of or limitation upon the right of Secured Party to exercise, at any time and from time to time thereafter, any right or remedy under this Agreement. No waiver of any breach of any of the covenants or conditions in this Agreement shall be deemed to be a waiver of or acquiescence in or consent to any previous or subsequent breach of the same or any other covenant or condition.

14. Successive Actions. Upon the occurrence and during the continuation of any Event of Default, Secured Party may commence and maintain an action therefor and may maintain successive actions for each other Event of Default. Secured Party's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless each of the Secured Obligation has been fully performed or paid.

15. Entire Agreement. This Agreement, together with the Note, Line of Credit Agreement and other Loan Documents, contains the entire understanding and agreement of Grantor and Secured Party with respect to the subject matter hereof and may not be altered or amended in any way except by a written agreement signed by the parties. No provision of this Agreement or right of Secured Party hereunder can be waived, nor shall Grantor be released from its obligations hereunder, except by a writing duly executed by Secured Party.

16. Transfer of Indebtedness. Upon the transfer by Secured Party of all or any portion of the indebtedness secured hereby, Secured Party may transfer therewith all or any portion of the security interest created hereunder, but Secured Party shall retain all of its rights hereunder with respect to any part of such indebtedness and any part of its security interest hereunder not so transferred.

17. Term: Binding Effect. This Agreement shall be and remain in full force and effect until (a) the Expiration Date set forth in the Line of Credit Agreement or other termination of the Line of Credit Agreement pursuant to the terms thereof and (b) the Secured Obligations have been fully performed and paid. Upon expiration or other termination of the Line of Credit Agreement and payment in full of the outstanding obligations under the Note and all indebtedness evidenced thereby and all other amounts owing to Secured Party under the Loan Documents, this Agreement shall automatically terminate and Secured Party shall promptly return possession of the remaining Collateral, if any, to Grantor, and, at Grantor's request and expense, shall cause UCC termination statements to be filed with respect to the Collateral. Each of the provisions hereof shall be binding upon Grantor and its legal representatives, successors and assigns and shall inure to the benefit of Secured Party and its legal representatives, successors and assigns; provided that Grantor shall have no right to assign all or any portion of its rights or obligations hereunder except with the prior written consent of Secured Party.

18. Rules of Construction. Terms used in the singular shall apply to the plural, and vice versa, as the context requires; likewise masculine, feminine and neuter genders shall be interchangeable as the context requires. The use of the disjunctive term "or" does not imply an exclusion of the conjunctive, i.e., "or" shall have the same meaning as the expression "and/or." "Including" shall not be limiting. Headings and section titles are for convenience of reference only and are not substantive parts of this Agreement, and shall not be given effect in construing

the provisions of this Agreement. Each reference to a Loan Document shall mean such Loan Document as from time to time extended, modified, renewed, restated, reaffirmed, supplemented or amended. The rules of construction which require the terms of an agreement to be construed most strictly against the drafter of such agreement are hereby waived since each party has been or has had the opportunity to be represented by counsel in drafting and negotiation of this Agreement.

19. Severability. If any provision of this Agreement, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

20. Notices. All notices or demands of any kind which either of the parties hereto may be required or may desire to serve on the other party in connection with this Agreement shall be served in the manner provided in the Line of Credit Agreement.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

22. Governing Law and Jurisdiction. This Agreement shall be deemed to be executed and delivered in the State of California. Each of Grantor and Secured Party (i) agrees that this Agreement shall be construed according to and governed by the laws of the State of California, without regard to principles of conflicts of law that would result in the application of the law of any other jurisdiction, (ii) consents to personal jurisdiction in the State of California, and (iii) consents to venue in San Diego County, California, for all actions and proceedings with respect to this Agreement and the Loan Documents, and waives any right it may have to assert the doctrine of forum non conveniens or to object to venue to the extent any proceeding is brought in accordance with this Section 19.

IN WITNESS WHEREOF, the undersigned has executed this Security Agreement as of the day and year first hereinabove written.

GRANTOR

Holocom Networks, a California corporation



By: G. Bradford Saunders
Its: President and CEO

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TRADEMARK

REEL: 003435 FRAME: 0730

EXHIBIT "A"

COLLATERAL DESCRIPTION

All personal property of Grantor, whether now owned or hereafter acquired, wherever located, including, without limitation, all right, title and interest of Grantor in, to and under the following:

(a) All (i) equipment, including, without limitation, fixtures, (ii) inventory, and (iii) other goods, of any nature whatsoever;

(b) All accounts;

(c) All chattel paper;

(d) All commercial tort claims and other claims or causes of action;

(e) All deposit accounts;

(f) All documents;

(g) All general intangibles, including, without limitation:

(i) All patents and patent applications (including, without limitation, the inventions, devices, specifications and improvements described and claims therein) filed in the United States or in any other country, owned, held or used by Grantor in whole or in part, including all existing patents and patent applications of Grantor which are described in Schedule 1 attached hereto (as the same may be amended or supplemented pursuant hereto from time to time), together with all reissuances, divisions, continuations, continuations-in-part, renewals, extensions, re-examinations, supplementary protection certificates, modifications, derivatives and improvements thereof and the inventions disclosed therein, and all new or separate patents that may be issued in connection with the foregoing, all patent and invention disclosures, and all other inventions (whether patentable or unpatentable, whether or not reduced to practice or developed alone or jointly with others), and together with and including all patent licenses held by Grantor, and all other rights, including the right to make, use, license, sell, exploit and otherwise transfer the inventions disclosed therein (collectively the "Patents");

(ii) All common law and state and federally registered trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, product names, slogans, trade styles, trade dress, logos, domain names, other source or business identifiers, designs and general intangibles of like nature, together with and including all licenses therefor held by Grantor, in connection with or relating in any way to Grantor's business, presently owned, acquired or operated, under any name, business name or tradename, and all registrations and recordings thereof, and all applications filed in connection therewith, including applications and resulting registrations in the PTO, any State of the U.S., in any other country in the world, and all extensions and renewals thereof, including, without limitation any of the foregoing identified on Schedule 2 hereto (collectively, the "Trademarks");

(iii) all trade secrets, all copyrights, and all other intellectual property, all software, and all payment intangibles;

(h) All instruments;

(i) All investment property;

(j) All letter of credit rights;

(k) All letters of credit;

(l) All money;

(m) All oil, gas or other minerals before extraction;

(n) All income, royalties, damages and payments now or hereafter due and/or payable under and with respect to the Patents and Trademarks, including license fees and royalties under license agreements and damages and payments for past, present and future infringements thereof;

(o) All claims, causes of action and all rights to sue and recover for past, present and future infringements or unauthorized use of any of the Patents or Trademarks and all rights arising therefrom and pertaining thereto;

(p) To the extent not otherwise described above:

(i) All insurance policies and water stock;

(ii) All architectural, structural, mechanical and engineering plans and specifications prepared for construction of improvements or extraction of minerals from any real property now or hereafter owned or leased by Grantor and all studies, data and drawings related thereto; and also all contracts and agreements of the Grantor relating to the foregoing plans and specifications or to the foregoing studies, data and drawings or to the construction of improvements on or extraction of minerals or gravel from any real property now or hereafter owned or leased by Grantor;

(iii) All refunds, rebates, reimbursements, reserves, deferred payments, deposits, cost savings, governmental subsidy payments, governmentally-registered credits (such as, by way of example and not as limitation, emissions reduction credits), other credits, waivers and payments, whether in cash or kind, due from or payable by any governmental authority or any insurance or utility company relating to any or all of the personal property or real property now or hereafter owned or leased by Grantor or to any improvements thereon or any of the other collateral described herein or arising out of the satisfaction of any condition imposed upon or the obtaining of any approvals for the development of the any real property now or hereafter owned by Grantor or the improvements thereon;

(iv) All refunds, rebates, reimbursements, credits and payments of any kind due from or payable by any governmental authority or other entity for any taxes, special taxes, assessments, or similar governmental or quasi-governmental charges or levies imposed upon

Grantor with respect to any or all of the personal property or real property now or hereafter owned or leased by Grantor and with respect to any improvements thereon or to any of the other collateral described herein, or arising out of the satisfaction of any condition imposed upon or the obtaining of any approvals for the development of any real property now or hereafter owned or leased by Grantor or the improvements thereon;

(v) All supporting obligations with respect to any other collateral; and

(vi) All proceeds and products of any of the foregoing (and proceeds and products of proceeds and products).

All terms used herein which are defined in the California Uniform Commercial Code shall have the same meanings when used herein, unless the context requires otherwise.

SCHEDULE 1
PATENTS

Title	Country	Serial No	Patent No./ Publication No.
Variable-Type Cable Management and Distribution System	U.S.A.	08/627,973	5,831,211
Variable-Type Cable Management and Distribution System	Canada	2,195,130	2,195,130
Secure Cabinet for Desktop Communication Networks	U.S.A.	60/281,240	
Secure Enclosure for Access to Cabled System	U.S.A.	10/112,353	6,838,616
Secure Enclosure for Access to Cabled System	PCT	PCT/US2002/009592	WO 2002/082605
Secure Enclosure for Access to Cabled System	EPO	2763869	EP 1384297
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	U.S.A.	10/690,272	7,053,303
Secure Conduit (Pathway) System for Telecommunications	U.S.A.	10/763,743	7,049,517

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and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like			
Secure Conduit System	U.S.A.	11/022,557	7,115,814
Environmentally Insulated Conduit and System	U.S.A.	11/043,017	N/A
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	PCT	PCT/US2004/020357	WO 2005/002015
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	Canada	2,529,932	N/A
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment	EPO	4777064.9	EP 1639681

and the Like			
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	Eurasian Patent Office	200600087	N/A
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	India	6039/DELNP/2005	N/A
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	Israel	172790	N/A
Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	Japan	2006-517644	N/A

Secure Conduit (Pathway) System for Telecommunications and Communications Transmission Equipment, Environmental Analysis Equipment, Computer Equipment and the Like	South Korea	10-2005-7006558	N/A
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SCHEDULE 2
TRADEMARKS

Country	Mark	Serial No.	Registration No.
U.S.A.	H & DESIGN	75/567678	2340274
U.S.A.	TOPRUNNER	75/672341	2869867
U.S.A.	HOLOCOM NETWORKS	75/880862	2605354
U.S.A.	HOLOCOM	75/880861	2521005
Canada	HOLOCOM NETWORKS	1064816	577857
Canada	TOPRUNNER	1034849	570349
Canada	HOLOCOM	1006853	567823
Canada	H & DESIGN	1006855	577,652
CTM	HOLOCOM NETWORKS	1729250	1729250
CTM	TOPRUNNER	1380690	1380690
CTM	H & DESIGN	1087337	1087337
CTM	HOLOCOMM	1087238	1087238
Australia	HOLOCOM NETWORKS	840391	840391
Mexico	HOLOCOM NETWORKS	433,481	677,037

SCHEDULE 3

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