

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Assignment of Security Interest

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
First National Bank		09/23/2002	CORPORATION:

RECEIVING PARTY DATA

Name:	Housatonic Micro Fund SBIC, L.P.
Street Address:	44 Montgomery Street
City:	San Francisco
State/Country:	CALIFORNIA
Postal Code:	94104
Entity Type:	LIMITED PARTNERSHIP:

Name:	Housatonic Micro Fund, L.P.
Street Address:	44 Montgomery Street
City:	San Francisco
State/Country:	CALIFORNIA
Postal Code:	94104
Entity Type:	LIMITED PARTNERSHIP:

Name:	Lexington Funding, LLC
Street Address:	9350 Wilshire Blvd., Suite 400
City:	Beverly Hills
State/Country:	CALIFORNIA
Postal Code:	90212
Entity Type:	LIMITED LIABILITY COMPANY:

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	1894958	ADVS

CORRESPONDENCE DATA

900063711

**TRADEMARK
 REEL: 003436 FRAME: 0564**

OP \$40.00 1894958

Fax Number: (714)755-8290
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 714-540-1235
Email: ipdocket@lw.com
Correspondent Name: Latham & Watkins LLP
Address Line 1: 650 Town Center Drive, Suite 2000
Address Line 4: Costa Mesa, CALIFORNIA 92626

ATTORNEY DOCKET NUMBER:	021038-0055 (ASSIGN SI)
NAME OF SUBMITTER:	Anna T Kwan
Signature:	/Anna T Kwan/
Date:	11/30/2006

Total Attachments: 28

source=First National Bank to Housatonic#page1.tif
source=First National Bank to Housatonic#page2.tif
source=First National Bank to Housatonic#page3.tif
source=First National Bank to Housatonic#page4.tif
source=First National Bank to Housatonic#page5.tif
source=First National Bank to Housatonic#page6.tif
source=First National Bank to Housatonic#page7.tif
source=First National Bank to Housatonic#page8.tif
source=First National Bank to Housatonic#page9.tif
source=First National Bank to Housatonic#page10.tif
source=First National Bank to Housatonic#page11.tif
source=First National Bank to Housatonic#page12.tif
source=First National Bank to Housatonic#page13.tif
source=First National Bank to Housatonic#page14.tif
source=First National Bank to Housatonic#page15.tif
source=First National Bank to Housatonic#page16.tif
source=First National Bank to Housatonic#page17.tif
source=First National Bank to Housatonic#page18.tif
source=First National Bank to Housatonic#page19.tif
source=First National Bank to Housatonic#page20.tif
source=First National Bank to Housatonic#page21.tif
source=First National Bank to Housatonic#page22.tif
source=First National Bank to Housatonic#page23.tif
source=First National Bank to Housatonic#page24.tif
source=First National Bank to Housatonic#page25.tif
source=First National Bank to Housatonic#page26.tif
source=First National Bank to Housatonic#page27.tif
source=First National Bank to Housatonic#page28.tif

First National Bank
401 West A Street, San Diego CA 92101

PURCHASE PRICE LETTER

September 23, 2002

Housatonic Micro Fund SBIC, L.P.
Housatonic Micro Fund, L.P.
44 Montgomery Street
San Francisco, CA 94104
Attention: Mr. Joseph Nichaus

Lexington Funding, LLC
9350 Wilshire Blvd., Suite 400
Beverly Hills, CA 90212-3206
Attention: Mr. Harvey Gettleon

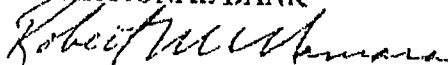
Re: Advanced Remote Communications Solutions, Inc.

Reference is made to the Purchase and Sale Agreement (the "Agreement") of even date herewith by and among First National Bank ("Seller") and Housatonic Micro Fund SBIC, L.P. (as to an undivided 30.4% interest in the Loan), Housatonic Micro Fund, L.P. (as to an undivided 19.6% interest in the Loan) and Lexington Funding, LLC (as to an undivided 50% interest in the Loan (collectively, "Buyer"). All capitalized terms used but not defined herein shall have the same meanings set forth in the Agreement. This is the Purchase Price Letter referred to therein.

The Purchase Price as described in the Agreement shall be \$1,250,000, payable to Seller by the entities comprising Buyer in the proportions set forth above on the Effective Date, by wire transfer of immediately available funds in U.S. dollars to Seller's account set forth on Schedule I to the Agreement.

Please indicate your acceptance of the terms of this letter by signing below as indicated.

FIRST NATIONAL BANK



By: ROBERT MCNAMARA

Title: VICE PRESIDENT

ACCEPTED and AGREED

Housatonic Micro Fund SBIC, L.P.

By: Housatonic Micro Partners SBIC, L.L.C.
General Partner

By: Joseph Niehaus
Joseph Niehaus, Member

Housatonic Micro Fund,, L.P.

By: Housatonic Micro Partners SBIC, L.L.C.
General Partner

By: Joseph Niehaus
Joseph Niehaus, Member

Lexington Funding, LLC

By: Lexington Commercial Holdings, Inc.,
Manager

By: Tara Cornwell
Ms. Tara Cornwell,
Vice President

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made by and among First National Bank ("Seller"), Housatonic Micro Fund SBIC, L.P. (as to an undivided 30.4% interest in the Loan) ("Housatonic SBIC"), Housatonic Micro Fund, L.P. (as to an undivided 19.6% interest in the Loan) ("Housatonic Micro") and Lexington Funding, LLC ("Lexington") (as to an undivided 50% interest in the Loan) (Housatonic SBIC, Housatonic Micro and Lexington shall be collectively referred to herein as "Buyer"), as of September 23, 2002 ("Agreement Date") and contemplates the assignment to Buyer, each as to the undivided interests set forth above, of all of Seller's right title and interest in and to the loan (the "Loan") from Seller to Advanced Remote Communications Solutions, Inc., a California corporation (formerly known as Boatracs, Inc.) and Enerdyne Technologies, Inc., a California corporation (collectively "Borrower"). The Loan is evidenced by: (a) that certain Loan Agreement dated December 29, 1998 ("Loan Agreement"), (b) that certain Promissory Note dated December 29, 1998, in the original principal amount of \$750,000 (as such amount has subsequently been increased and decreased from time to time) (the "Note"), the terms of which were amended by a letter to Borrower from Lender dated February 20, 2001 and those various Change in Terms Agreements dated February 4, 2000, February 28, 2000, March 13, 2001, May 18, 2001, August 3, 2001, November 5, 2001, December 20, 2001, and January 29, 2002, (c) that certain Loan Modification Agreement dated as of May 29, 2002, and (d) all security agreements, pledge agreements, guarantees, financing statements, subordination agreements and other documents or instruments entered into in connection with the Loan (all of which, together with the Loan Agreement and the Note, shall be collectively referred to herein as the "Loan Documents"). As of the Agreement Date, the aggregate unpaid principal balance of the Loan is \$1,500,000, and total accrued and unpaid interest and late charges on the Loan are in the amount of \$20,630.70.

1. Definitions

1.1 In this Agreement:

"**Affiliate**" means "affiliate" as defined in either: (a) Bankruptcy Code § 101(2) or (b) Rule 144 of the Securities Act.

"**Assignment**" means the Assignment and Acceptance of even date herewith, executed by Seller in favor of Buyer, evidencing Seller's assignment of the loan to Buyer, in the form attached hereto as Exhibit A.

"**Assumed Obligations**" means Seller's obligations and liabilities with respect to, or in connection with, the Transferred Rights resulting from facts, events or circumstances arising or occurring on and after the Effective Date.

"**Bankruptcy Code**" means the Bankruptcy Reform Act of 1978, 11 U.S.C §§ 101 et seq., as amended.

“Benefit Plan” means an “employee benefit plan” subject to Title I of ERISA, a “plan” subject to Section 4975 of the Code or any Entity whose assets include the assets of any such employee benefit plan or plan.

“Borrower” means the Borrower under the Loan Agreement.

“Business Day” means any day that is not: (a) a Saturday, (b) a Sunday, or (c) any other day on which commercial banks are authorized or required by law to be closed in the City of San Diego.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated under it.

“Collateral” means any property, whether real or personal, tangible or intangible, of whatever kind and wherever located, whether now owned or hereafter acquired or created, in or over which an Encumbrance has been, or is purported to have been, granted to or for the benefit of Seller under the Loan Documents.

“Distribution” means any payment or other distribution of cash (including interest), notes, securities, or other property (including Collateral) or proceeds under or in respect of the Transferred Rights.

“Effective Date” means the date on which Seller receives the Purchase Price.

“Encumbrance” means any: (a) mortgage, pledge, lien, security interest, charge, hypothecation, or other encumbrance, security agreement, security arrangement or adverse claim against title of any kind; (b) purchase or option agreement or put arrangement; (c) subordination agreement or arrangement other than as specified in the Loan Documents; or (d) agreement to create or effect any of the foregoing.

“Entity” includes any individual, partnership, corporation, limited liability company, association, estate, trust, business trust, and Governmental Authority.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated under it.

“Federal Funds Rate” means, for any date, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates set by the Federal Reserve Bank of New York on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day in The Wall Street Journal (West Coast Edition), or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Parties from three federal funds brokers of recognized standing selected by the Parties. For a day that is not a Business Day, the Federal Funds Rate shall be the rate applicable to federal funds transactions on the immediately preceding day for which such rate is reported.

“Governmental Authority” means any federal, state, or other governmental department, agency, institution, authority, regulatory body, court or tribunal, foreign or domestic, and includes arbitration bodies, whether governmental, private or otherwise.

“Guaranty” means a guaranty of any of Borrower’s obligations under the Loan Documents, including Borrower’s obligations in connection with the Loan.

“Impairment” means any claim, counterclaim, setoff, defense, action, demand, litigation (including administrative proceedings or derivative actions), Encumbrance, right (including expungement, avoidance, reduction, contractual or equitable subordination, or otherwise) or defect, other than those created pursuant to the Loan Documents, the effect of which is, or would be, materially and adversely to affect the Transferred Rights, in whole or in part.

“Loan Documents” means the Loan Agreement, the Note and all guarantees, security agreements, pledge agreements, mortgages, deeds of trust, letters of credit, reimbursement agreements, waivers and amendments and all other documents and agreements executed and delivered in connection therewith.

“Obligor” means any Entity other than Borrower that is obligated under the Loan Documents.

“Operative Documents” means: (a) this Agreement, (b) the Assignment and (c) the Purchase Price Letter.

“Party” means Buyer or Seller, as applicable.

“Pre-Closing Date Accruals” means all interest and commitment, facility, letter of credit and other similar ordinary course fees (other than amendment, consent, waiver and other similar non-ordinary course fees) payable under the Loan Documents in respect of the Loan, if any, that accrue during the period before (but excluding) the Effective Date.

“Purchase Price” has the meaning given to it in the Purchase Price Letter.

“Purchase Price Letter” means the letter agreement between Buyer and Seller, dated as of the Agreement Date, that specifies the calculations for determining the Purchase Price.

“Purchase Rate” means the purchase rate stated in the Purchase Price Letter.

“Schedule 1” means the document titled “Schedule 1 to Purchase and Sale Agreement.”

“Securities Act” means the Securities Act of 1933, 15 U.S.C. §§ 77a et seq., as amended, and the rules and regulations promulgated under it.

“Transaction Documents” means the Loan Documents and the Operative Documents.

“Transferred Rights” means any and all of Seller’s right, title, and interest in, to and under the Loan and to the extent related thereto, the following:

- (a) all other amounts funded by or payable to Seller under the Loan Documents, and all obligations owed to Seller in connection with the Loan;
- (b) the Loan Documents;
- (c) all claims (including “claims” as defined in Bankruptcy Code § 101(5)), suits, causes of action, and any other right of Seller, whether known or unknown, against Borrower, Obligor, or any of their respective Affiliates, agents, representatives, contractors, advisors, or any other Entity that in any way is based upon, arises out of or is related to any of the foregoing, including, to the extent permitted to be assigned under applicable law, all claims (including contract claims, tort claims, malpractice claims, and claims under any law governing the purchase and sale of, or indentures for, securities), suits, causes of action, and any other right of Seller or against any attorney, accountant, financial advisor, or other Entity arising under or in connection with the Loan Documents;
- (d) all Guarantees and all Collateral and security of any kind for or in respect of the foregoing;
- (e) all cash, securities, or other property, and all setoffs and recoupments, received, applied, or effected by or for the account of Seller under the Loan, and other extensions of credit under the Loan Documents (whether for principal, interest, fees, reimbursement obligations, or otherwise) after the Agreement Date, including all distributions obtained by or through redemption, consummation of a plan of reorganization, restructuring, liquidation, or otherwise of Borrower, any Obligor or the Loan Documents, and all cash, securities, interest, dividends, and other property that may be exchanged for, or distributed or collected with respect to, any of the foregoing;
- (f) the economic benefit of permanent repayments of principal and amendment, consent, waiver and other similar non-ordinary course fees received by Seller from and after the Agreement Date; and
- (g) all proceeds of the foregoing.

1.2 Terms that are defined in other provisions of this Agreement have the meanings given to them in those provisions.

1.3 Terms defined in the Loan Agreement and not otherwise defined in this Agreement shall have the same meaning in this Agreement as in the Loan Agreement.

2. Assignment and Assumption

In consideration of the mutual covenants and agreements in, and subject to the terms and conditions of, this Agreement, and subject to the satisfaction of the conditions in Sections 3.1 and 3.2, effective on and after the Effective Date: (a) Assignor hereby irrevocably sells and assigns to Housatonic SBIC, and Housatonic SBIC hereby purchases and assumes from Assignor and agrees to perform and comply with the Assumed Obligations applicable thereto, an undivided 30.4% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents, (b) Assignor hereby irrevocably sells and assigns to Housatonic Micro, and Housatonic Micro hereby purchases and assumes from Assignor and agrees to perform and comply with the Assumed Obligations applicable thereto, an undivided 19.6% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents, and (c) Assignor hereby irrevocably sells and assigns to Lexington, and Lexington hereby purchases and assumes from Assignor and agrees to perform and comply with the Assumed Obligations applicable thereto, an undivided 50% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents. This Agreement is intended to, and upon execution hereof and satisfaction or waiver of the conditions precedent set forth in Section 3 shall, effect a true sale of the Transferred Rights.

3. Conditions Precedent

3.1 Buyer's obligations to pay the Purchase Price to Seller, to acquire the Transferred Rights and to assume the Assumed Obligations shall be subject to the conditions that: (a) Seller's representations and warranties in this Agreement shall have been true and correct on the Agreement Date and the Effective Date, (b) Seller shall have complied in all material respects with all covenants required by this Agreement to be complied with by it on or before the Effective Date and (c) Buyer shall have received: (i) this Agreement and the Purchase Price Letter duly executed on behalf of Seller, (ii) the Note evidencing the Loan duly endorsed to Buyer and all share certificates evidencing the pledged shares under the Loan Documents and (iii) the Assignment duly executed on behalf of Seller and any other Entity whose consent is required by the terms of the Assignment.

3.2 Seller's obligation to sell, transfer, assign, grant, and convey the Transferred Rights to Buyer on the Effective Date shall be subject to the conditions that: (a) Buyer's representations and warranties in this Agreement shall have been true and correct on the Agreement Date and the Effective Date, (b) Buyer shall have complied in all material respects with all covenants required by this Agreement to be complied with by it on or before the Effective Date, (c) Seller shall have received: (i) this Agreement and the Purchase Price Letter duly executed on behalf of Buyer and (ii) the Assignment duly executed on behalf of Buyer and any other Entity whose consent is required by the terms of the Assignment and (d) Seller shall have received payment of the Purchase Price from Buyer.

4. Seller's Representations and Warranties

4.1 Seller represents and warrants to Buyer (as of the Agreement Date and as of the Effective Date) that:

- (a) Seller: (i) is duly organized and validly existing under the laws of its jurisdiction of organization or incorporation, (ii) is in good standing under such laws and (iii) has full power and authority to execute, deliver and perform its obligations under the Transaction Documents to which it is or will become a party.
- (b) Seller's execution, delivery, and performance of the Transaction Documents to which it is or will become a party has not resulted and will not result in a breach of any provision of: (i) Seller's organizational documents, (ii) any statute, law, writ, order, rule or regulation of any Governmental Authority applicable to Seller, (iii) any judgment, injunction, decree or determination applicable to Seller or (iv) any contract, indenture, mortgage, loan agreement, note, lease or other instrument by which Seller may be bound or to which any of the assets of Seller are subject.
- (c) (i) The Transaction Documents to which Seller is a party: (A) have been duly and validly authorized, executed, and delivered by Seller and (B) are the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except that such enforceability against Seller may be limited by bankruptcy, insolvency, or other similar laws of general applicability affecting the enforcement of creditors' rights generally and by the court's discretion in relation to equitable remedies; and

(ii) No notice to, registration with, consent or approval of, or any other action by, any relevant Governmental Authority or other Entity is or will be required for Seller to execute, deliver, and perform its obligations under, the Transaction Documents to which Seller is or will become a party.
- (d) Seller is the sole legal and beneficial owner of and has good title to the Transferred Rights, free and clear of any Encumbrance, and the Transferred Rights are not subject to any prior sale, transfer, assignment or participation by Seller or any agreement to assign, convey, transfer or participate, in whole or in part.
- (e) No proceedings are (i) pending against Seller or (ii) to the best of Seller's knowledge, threatened against Seller before any relevant Governmental Authority that, in the aggregate, will materially and adversely affect (A) the Transferred Rights or (B) any action taken or to be taken by Seller under this Agreement.
- (f) The principal amounts of the Loan outstanding as of the Effective Date, and all accrued and unpaid interest thereunder, are accurately stated in Schedule 1.
- (g) There is no funding obligation of any kind (whether fixed, contingent, conditional, or otherwise) in respect of the Transferred Rights or the Assumed Obligations (including any obligation to make advances or to purchase participations in letters of credit under any Loan Documents or any obligation

relating to any currency or interest rate swap, hedge, or similar arrangement) that Seller or Buyer is or shall be required to pay or otherwise perform that Seller has not paid or otherwise performed in full.

- (h) To Seller's knowledge, Seller has performed, and has complied with, all obligations required to be performed or complied with by it under the Loan Documents and is not in breach of any provisions of the Loan Documents.
- (i) No broker, finder or other Entity acting under Seller's authority is entitled to any broker's commission or other fee in connection with the transactions contemplated by this Agreement for which Buyer could be responsible.
- (j) Except as set forth in Schedule 1, Seller (i) is not and has never been (A) an "insider" of Borrower or any Obligor (as "insider" is defined in Bankruptcy Code § 101(31)) or (B) an Affiliate of Borrower or any Obligor, and (ii) is not, and has not been, a member of any official or unofficial committee relating to Borrower or any Obligor.
- (k) Except as set forth in Schedule 1, Seller has not received any written notice other than those publicly available that (i) any payment or other transfer made to or for the account of Seller from or on account of Borrower or any Obligor under the Transferred Rights is or may be void or voidable as an actual or constructive fraudulent transfer or as a preferential transfer or (ii) the Transferred Rights, or any portion of them, are void, voidable, unenforceable or subject to any Impairment.
- (l) Seller acknowledges that the consideration paid under this Agreement for the purchase of the Transferred Rights and the assumption of the Assumed Obligations may differ both in kind and amount from any Distribution.
- (m) Seller: (i) is a sophisticated seller with respect to the sale of the Transferred Rights, (ii) has adequate information concerning the business and financial condition of Borrower or any Obligor to make an informed decision regarding the sale of the Transferred Rights and (iii) has independently and without reliance upon Buyer, and based on such information as Seller has deemed appropriate, made its own analysis and decision to enter into this Agreement, except that Seller has relied upon Buyer's express representations, warranties, covenants, and indemnities in this Agreement. Seller acknowledges that Buyer has not given Seller any investment advice, credit information, or opinion on whether the sale of the Transferred Rights is prudent.
- (n) Seller acknowledges that: (i) Buyer currently may have, and later may come into possession of, information with respect to the Transferred Rights, Borrower, any Obligor or any of their Affiliates that is not known to Seller and that may be material to a decision to sell the Transferred Rights ("Seller Excluded Information"), (ii) Seller has determined to sell the Transferred Rights notwithstanding its lack of knowledge of the Seller Excluded Information and (iii)

Buyer shall have no liability to Seller, and Seller waives and releases any claims that it might have against Buyer or any Buyer Indemnitee whether under applicable securities laws or otherwise, with respect to the nondisclosure of the Seller Excluded Information in connection with the transactions contemplated hereby; provided, however, that the Seller Excluded Information shall not and does not affect the truth or accuracy of Buyer's representations or warranties in this Agreement.

- (o) Seller is an "accredited investor" as defined in Rule 501 under the Securities Act. Without characterizing the Transferred Rights as a "security" within the meaning of applicable securities laws, Seller has not made any offers to sell, or solicitations of offers to buy, any portion of the Transferred Rights in violation of any applicable securities laws.
- (p) Either (a) no interest in the Transferred Rights is being sold by or on behalf of one or more Benefit Plans, or (b) the transaction exemption set forth in one or more prohibited transaction class exemptions ("PTEs") issued by the U.S. Department of Labor, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the sale of the Transferred Rights.
- (q) Other than as set forth on Schedule 1, Seller has not received (by set-off or otherwise) or directed to others any payments or other transfers from or on account of Borrower or any Obligor in respect of the Transferred Rights on or after the 95th day preceding the Agreement Date.
- (r) Seller is not a party to any document, instrument or agreement other than the Loan Documents that could materially and adversely affect the Transferred Rights or Buyer's rights and remedies under this Agreement.

4.2 Except as expressly stated in this Agreement and the Assignment, Seller makes no representations or warranties, express or implied, with respect to the transactions contemplated herein and therein.

4.3 Seller acknowledges that: (a) its sale of the Transferred Rights to Buyer is irrevocable; (b) Seller shall have no recourse to the Transferred Rights; and (c) Seller shall have no recourse to Buyer, except for: (i) Buyer's breaches of its representations, warranties, or covenants, and (ii) Buyer's indemnities, in each case as expressly stated in this Agreement.

5. Buyer's Representations and Warranties

5.1 Buyer represents and warrants to Seller (as of the Agreement Date and as of the Effective Date) that:

- (a) Buyer: (i) is duly organized and validly existing under the laws of its jurisdiction of organization or incorporation, (ii) is in good standing under such laws, (iii) has full power and authority to execute, deliver and perform its obligations under, the Transaction Documents to which it is or will become a party and (iv) if Buyer is a foreign Entity, has furnished to the Borrower and maintained effective a Code Form 4224 (or a successor form).
- (b) Buyer's execution, delivery, and performance of the Transaction Documents to which it is or will become a party has not resulted, and will not result, in a breach of any provision of (i) Buyer's organizational documents, (ii) any statute, law, writ, order, rule, or regulation of any Governmental Authority applicable to Buyer, (iii) any judgment, injunction, decree or determination applicable to Buyer, or (iv) any contract, indenture, mortgage, loan agreement, note, lease, or other instrument by which Buyer may be bound or to which any of the assets of Buyer are subject.
- (c) (i) The Transaction Documents to which Buyer is a party: (A) have been duly and validly authorized, executed, and delivered by Buyer, and (B) are the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except that such enforceability may be limited by bankruptcy, insolvency, or other similar laws of general applicability affecting the enforcement of creditors' rights generally and by the court's discretion in relation to equitable remedies; and

(ii) except as provided in the Loan Documents, no notice to, registration with, consent or approval of, or any other action by, any relevant Governmental Authority or other Entity is or will be required for Buyer to execute, deliver, and perform its obligations under the Transaction Documents to which Buyer is or will become a party.
- (d) Without characterizing the Transferred Rights as a "security" within the meaning of applicable securities laws, Buyer is not purchasing the Transferred Rights with a view towards the sale or distribution thereof in violation of the Securities Act; provided, however, that Buyer may resell the Transferred Rights if such resale is in accordance with the Securities Act and in compliance with Section 10 hereof.
- (e) Buyer acknowledges that the consideration paid under this Agreement for the purchase of the Transferred Rights and the assumption of the Assumed Obligations may differ both in kind and amount from any Distribution.
- (f) Buyer: (i) is an Affiliate of an existing shareholder or creditor of Borrower, is familiar with the credit facility described in the Loan Agreement and the financial

condition of Borrower, and is also aware that Borrower is in default (including payment default) under the Loan Agreement, (ii) is a sophisticated Entity with respect to the purchase of the Transferred Rights and the assumption of the Assumed Obligations, (iii) is able to bear the economic risk associated with the purchase of the Transferred Rights and the assumption of the Assumed Obligations, (iv) has adequate information concerning the business and financial condition of Borrower and each any Obligor to make an informed decision regarding the purchase of the Transferred Rights and the assumption of the Assumed Obligations, (v) has such knowledge and experience, and has made investments of a similar nature, so as to be aware of the risks and uncertainties inherent in the purchase of rights and assumption of liabilities of the type contemplated in this Agreement and (vi) has independently and without reliance upon Seller, and based on such information as Buyer has deemed appropriate, made its own analysis and decision to enter into this Agreement, except that Buyer has relied upon Seller's express representations, warranties, covenants, and indemnities in this Agreement. Buyer acknowledges that Seller has not given Buyer any investment advice, credit information or opinion on whether the purchase of the Transferred Rights or the assumption of the Assumed Obligations is prudent.

- (g) Except as otherwise provided in this Agreement, Buyer has not relied and will not rely on Seller to furnish or make available any documents or other information regarding the credit, affairs, financial condition or business of Borrower or any Obligor, or any other matter concerning Borrower or any Obligor.
- (h) Buyer acknowledges that: (i) Seller currently may have, and later may come into possession of, information with respect to the Transferred Rights, Borrower, any Obligor or any of their Affiliates that is not known to Buyer and that may be material to a decision to acquire the Transferred Rights and assume the Assumed Obligations ("Buyer Excluded Information"), (ii) Buyer has determined to purchase the Transferred Rights and assume the Assumed Obligations notwithstanding its lack of knowledge of the Buyer Excluded Information, and (iii) Seller shall have no liability to Buyer, and Buyer waives and releases any claims that it might have against Seller or any Seller Indemnitee, whether under applicable securities laws or otherwise, with respect to the nondisclosure of the Buyer Excluded Information in connection with the transactions contemplated hereby; provided, however, that the Buyer Excluded Information shall not and does not affect the truth or accuracy of Seller's representations or warranties in this Agreement.
- (i) No broker, finder, or other Entity acting under Buyer's authority is entitled to any broker's commission or other fee in connection with the transactions contemplated by this Agreement for which Seller could be responsible.
- (j) Either: (a) no interest in the Transferred Rights is being acquired by or on behalf of a person who is, or at any time while the Transferred Rights are held thereby

will be, one or more Benefit Plans, or (b) the transaction exemption set forth in one or more prohibited transaction class exemptions (“PTEs”) issued by the U.S. Department of Labor, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers) is applicable with respect to the purchase and holding of the Transferred Rights and the exercise of the Buyer’s rights thereunder.

- (k) Buyer acknowledges that: (i) it has received copies of the Loan Documents, and (ii) without in any way limiting the representations and warranties of Seller contained in this Agreement, it is assuming all risk with respect to the accuracy or sufficiency of such documents and information.
- (l) Buyer is an “accredited investor” as defined in Rule 501 under the Securities Act.
- (m) No proceedings are: (i) pending against Buyer or (ii) to the best of Buyer’s knowledge, threatened against Buyer before any relevant Governmental Authority that, in the aggregate, will materially and adversely affect any action taken or to be taken by Buyer under this Agreement.

5.2 Except as expressly stated in this Agreement and the Assignment, Buyer makes no representations or warranties, express or implied, with respect to the transactions contemplated herein or therein.

5.3 Buyer acknowledges that: (a) Seller’s sale of the Transferred Rights to Buyer, and Buyer’s assumption of the Assumed Obligations, are irrevocable, and (b) Buyer shall have no recourse to Seller except for (i) Seller’s breaches of its representations, warranties, or covenants, and (ii) Seller’s indemnities, in each case as expressly stated in this Agreement.

6. Indemnification

6.1 Seller shall indemnify, defend, and hold Buyer and its officers, directors, agents, partners, members, controlling Entities and employees (collectively, “Buyer Indemnitees”) harmless from and against any liability, claim, cost, loss, judgment, damage or expense (including reasonable attorneys’ fees and expenses) that Buyer Indemnitees incur or suffer as a result of, or arising out of: (a) Seller’s breach of any of Seller’s representations, warranties, covenants, or agreements in this Agreement, or (b) any obligation of Buyer to disgorge in whole or in part, or otherwise reimburse (by setoff or otherwise) Borrower or any other Entity for any payments, property (including Collateral), setoffs or recoupments received by Seller under or in connection with the Transferred Rights and not previously delivered to Buyer.

6.2 Buyer shall indemnify, defend, and hold Seller and its officers, directors, agents, partners, members, controlling Entities, and employees (collectively, “Seller Indemnitees”)

harmless from and against any liability, claim, cost, loss, judgment, damage or expense (including reasonable attorneys' fees and expenses) that Seller Indemnitees incur or suffer as a result of or arising out of: (a) Buyer's breach of any of Buyer's representations, warranties, covenants, or agreements in this Agreement or (b) Seller acting or refraining to act pursuant to any direction of Buyer.

6.3 If a third party commences any action or makes any demand against either Party for which such Party ("Indemnified Party") is entitled to indemnification under this Agreement, such Indemnified Party will promptly notify the other Party ("Indemnifying Party") in writing of such action or demand; provided, however, that if the Indemnified Party assumes the defense of the action and fails to provide prompt notice to the Indemnifying Party, such failure shall not limit in any way the Indemnifying Party's obligation to indemnify the Indemnified Party except to the extent that such failure materially prejudices the Indemnifying Party's ability to defend the action. The Indemnifying Party may, at its own expense and without limiting its obligation to indemnify the Indemnified Party, participate in the defense of such action with counsel reasonably satisfactory to the Indemnified Party, or the Indemnifying Party may, at its own expense and without limiting its obligation to indemnify the Indemnified Party, assume the defense of such action with counsel reasonably acceptable to the Indemnified Party. In any event, the Party that has assumed the defense of such action shall provide the other Party with copies of all notices, pleadings, and other papers filed or served in such action. Neither Party shall make any settlement or adjustment without the other Party's prior written consent, which consent: (a) in the case of the Indemnifying Party will not be unreasonably withheld if the settlement or adjustment involves only the payment of money damages by the Indemnifying Party and (b) in the case of the Indemnified Party may be withheld for any reason if the settlement or adjustment involves performance or admission by the Indemnified Party.

6.4 Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the Parties and survives termination of this Agreement, and it is not necessary for a Party to incur expense or make payment before enforcing a right of indemnity conferred by this Agreement.

7. Costs and Expenses

7.1 The Parties agree to bear their own respective legal and other costs and expenses for preparing, negotiating, executing, and implementing this Agreement and any related documents and consummating the transactions contemplated under this Agreement.

8. Distributions; Interest and Fees; Payments

8.1 (a) If at any time after the Effective Date, Seller receives a Distribution, Seller shall: (i) accept and hold the Distribution for the account and sole benefit of Buyer, (ii) have no equitable or beneficial interest in the Distribution, and (iii) deliver the Distribution (free of any withholding, setoff, recoupment, or deduction of any kind except as required by law) promptly (but in the case of a cash Distribution, in no event later than three (3) Business Days after the date on which Seller receives it) to Buyer in the same form received and, when necessary or appropriate, with Seller's endorsement (without recourse, representation, or warranty), except to

the extent prohibited under any applicable law, rule, or order. If Seller fails to pay any cash Distribution to Buyer within three (3) Business Days after receiving it, then Seller will pay interest on such payment for the period from the day on which such payment is actually received by Seller to (but excluding) the day such payment is actually paid to Buyer, in accordance with Section 8.3 hereof. Except as provided in Section 8.1(b) below, all payments made by Seller to Buyer under this Agreement shall be made in the lawful currency of the United States by wire transfer of immediately available funds to Buyer, in accordance with the wire instructions specified in Schedule 1.

(b) If a Distribution includes securities, Seller shall, to the extent permissible by law, endorse (without recourse) or use reasonable efforts to assist Buyer to cause to be registered in Buyer's name, or such name as Buyer may direct (at Buyer's sole expense) in writing and deliver such securities to Buyer or to such Entity as Buyer may direct as soon as practicable. Pending such transfer, Seller shall hold the same on behalf and for the sole benefit of Buyer and Seller shall have no legal, equitable or beneficial interest in any such Distribution. Subject to applicable law, Buyer is entitled to receive any Distribution to be remitted by Seller under this Agreement without the withholding of any tax. If Seller receives a Distribution which it is required to remit to Buyer, Buyer will furnish to Seller such forms, certifications, statements and other documents as Seller may reasonably request in writing to evidence Buyer's exemption from the withholding of any tax imposed by the United States of America or any other jurisdiction, whether domestic or foreign, or to enable Seller to comply with any applicable laws or regulations relating thereto, and Seller may refrain from remitting such Distribution until such forms, certifications, statements, and other documents have been so furnished.

(c) If a Distribution received by Seller and transferred to Buyer pursuant to this Section 8.1 has been made to Seller wrongfully or in error, and is required to be returned or disgorged by Seller, Buyer shall promptly return such Distribution to Seller together with all related interest and charges payable by Seller.

8.2 The treatment of Pre-Closing Date Accruals is set forth on Schedule 1. "Trades Flat" is specified, and Buyer and Seller have agreed that all Pre-Closing Date Accruals, if and when paid, shall be for the account of Buyer. For purposes of this Agreement the Transferred Rights shall include Pre-Closing Date Accruals.

8.3 With respect to the payment of any funds or other property under this Agreement (including the delivery of Distributions under Section 8.1, and whether from Seller to Buyer or from Buyer to Seller: (a) the Party required to deliver a Distribution may withhold therefrom any tax required by law to be withheld, and (b) the Party failing to make full payment of any amount when due shall, upon demand by the other Party, pay such defaulted amount together with interest on it (for each day from (and including) the date when due to (but excluding) the date when actually paid) at a rate equal to the Federal Funds Rate.

9. Notices

9.1 All communications between the Parties or notices or other information sent under this Agreement shall be in writing, hand delivered or sent by overnight courier or

telecopier, addressed to the relevant Party at its address or facsimile number specified on Schedule 1 or at such other address or facsimile number as such Party may request in writing. All such communications and notices shall be effective upon receipt.

9.2 From the Effective Date through the 45th day after the Effective Date, if Seller receives any notices, correspondence or other documents in respect of the Transferred Rights or any Loan Document, Seller shall promptly forward them to Buyer.

10. Further Transfers

10.1 Buyer may sell, assign, grant a participation in, or otherwise transfer all or any portion of the Transferred Rights, this Agreement, its rights under this Agreement, or any interest in the Transferred Rights without Seller's prior consent; provided, however, that: (a) such sale, assignment, participation, or transfer shall comply with any applicable requirements in the Transaction Documents and shall not violate any applicable laws, rules or regulations, including, without limitation, any applicable securities laws, rules or regulations; (b) notwithstanding any such sale, assignment, participation or transfer, unless Seller otherwise consents in writing (which consent Seller shall not unreasonably deny, withhold or delay), (i) Buyer's obligations to Seller under this Agreement shall remain in full force and effect until fully paid, performed, and satisfied and (ii) Seller shall continue to deal solely and directly with Buyer in connection with Buyer's obligations under this Agreement; and (c) with respect to a transfer by Buyer of its rights against Seller under this Agreement: (i) the transferee must represent and warrant that (A) no interest in the Transferred Rights is being acquired by the transferee by or on behalf of a person who is, or at any time while the Transferred Rights are held thereby will be, one or more Benefit Plans, (B) the transaction exemption set forth in one or more prohibited transaction class exemptions ("PTEs") issued by the U.S. Department of Labor, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds), and PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to the acquisition and holding of the Transferred Rights by the transferee and the exercise of the transferee's rights thereunder, or (C) the funds being used by the transferee to purchase all or any portion of the Transferred Rights are from a fund managed by a Qualified Professional Asset Manager (the "Manager") within the meaning of Part V of PTE 84-14, the Manager made the investment decision on behalf of the transferee to acquire the Transferred Rights from the transferor, the acquisition and holding of the Transferred Rights hereunder satisfies the requirements of subsections (b) through (g) of Part I of PTE 84-14 and the individual making the investment decision to purchase the Transferred Rights on behalf of the transferee has no actual knowledge (without duty of inquiry or investigation) that the requirements of subsection (a) of Part I of PTE 84-14 are not satisfied, and (ii) the transferee must agree that it will obtain from each of its direct transferees the representations, warranties and covenants contained in this clause (c) (including, without limitation, this subclause (ii)).

10.2 Seller may assign its rights under this Agreement without the prior written consent of Buyer; provided, however, that Seller may not delegate its obligations under this Agreement without the prior written consent of Buyer.

11. Voting

On and after the Effective Date: (a) Buyer shall have sole authority to exercise all voting and other rights and remedies with respect to the Transferred Rights and (b) if for any reason Seller is entitled to exercise any such rights (including the right to vote) after the Effective Date, Seller: (i) shall not take any action with respect to the Transferred Rights other than in accordance with the prior written instructions of Buyer and (ii) shall take (or refrain from taking) any action with respect to the Transferred Rights in accordance with the prior written instructions of Buyer except: (A) as prohibited under applicable law, rule, order or the Loan Documents, or (B) if following such instructions might (in Seller's reasonable determination) expose Seller to any obligation, liability, or expense that in Seller's reasonable judgment is material and for which Seller has not been provided adequate indemnity.

12. Exercise of Rights

12.1 No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by the Parties and no waiver of any provision of this Agreement, nor consent to any departure by either Party from it, shall be effective unless it is in writing and signed by the affected Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.2 No failure on the part of a Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver hereof by such Party, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of each Party provided herein: (a) are cumulative and are in addition to, and are not exclusive of, any rights or remedies provided by law (except as otherwise expressly set forth in this Agreement) and (b) are not conditional or contingent on any attempt by such Party to exercise any of its rights under any other related document against the other Party or any other Entity.

13. Survival; Successors and Assigns

13.1 All representations, warranties, covenants, indemnities and other provisions made by the Parties shall be considered to have been relied upon by the Parties, shall be true and correct as of the Agreement Date and the Effective Date, and shall survive the execution, delivery, and performance of this Agreement and the other Operative Documents.

13.2 This Agreement, including the representations, warranties, covenants and indemnities contained in this Agreement, shall inure to the benefit of, be binding upon and be enforceable by and against the Parties and their respective successors and permitted assigns.

14. Further Assurances

Each Party agrees: (a) to execute and deliver, or to cause to be executed and delivered, all such instruments and (b) to take all such actions as the other Party may reasonably request to effectuate the intent and purposes, and to carry out the terms, of this Agreement, including the procurement of any third-party consents.

15. Disclosure

15.1 Each Party agrees that, without the prior consent of the other Party, it shall not disclose the contents of this Agreement or the Purchase Price Letter (including the Purchase Price and the Purchase Rate) to any Entity, except that any Party may make any such disclosure: (a) as required to implement or enforce this Agreement, (b) if required to do so by any law, court, or regulation, (c) to any Governmental Authority or self-regulatory Entity having or asserting jurisdiction over it, (d) if its attorneys advise it that it has a legal obligation to do so or that failure to do so may result in it incurring a liability to any other Entity, (e) to its professional advisors and auditors or (f) as set forth in Section 15.2.

15.2 Buyer may disclose the contents of this Agreement (but not the contents of the Purchase Price Letter (including the Purchase Price and the Purchase Rate)) to any proposed transferee, assignee, participant, or other Entity proposing to enter into contractual relations with Buyer in respect of the Transferred Rights or any part of them.

15.3 Buyer agrees to comply with the requirements of the Loan Documents regarding confidentiality.

16. Parties' Other Relationships

Each Party and any of its Affiliates may engage in any kind of lawful business or relationship with Borrower, any Obligor or any of their Affiliates without liability to the other Party, or any obligation to disclose such business or relationship to the other Party.

17. Entire Agreement; Conflict

17.1 This Agreement and the other Operative Documents constitute the entire agreement of the Parties with respect to the respective subject matters thereof, and supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and finally integrated into this Agreement and the other Operative Documents.

17.2 This Agreement supplements the Assignment. As between Seller and Buyer, if there is any inconsistency or conflict between this Agreement and any of the other Operative Documents, the provisions of this Agreement shall govern and control.

18. Counterparts; Telecopies

This Agreement and the other Operative Documents may be executed by telecopy in multiple counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Transmission by telecopier of an executed counterpart of any Operative Document shall be deemed to constitute due and sufficient delivery of such counterpart. Each fully executed counterpart of this Agreement and any other Operative Document shall be deemed to be a duplicate original.

19. Relationship Between Buyer and Seller

The relationship between Seller and Buyer shall be that of seller and buyer. Neither is a trustee or agent for the other, nor does either have fiduciary obligations to the other. This Agreement shall not be construed to create a partnership or joint venture between the Parties.

20. Severability

The illegality, invalidity, or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision.

21. Governing Law

THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED, AND DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

22. Waiver of Trial by Jury

THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT THEY MAY HAVE TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION, OR IN ANY LEGAL PROCEEDING, DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY,

AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

23. Jurisdiction

23.1 The Parties irrevocably and unconditionally submit to and accept the exclusive jurisdiction of the United States District Court for the Southern District of California located in the City of San Diego or the courts of the State of California located in the County of San Diego for any action, suit, or proceeding arising out of or based upon this Agreement or any matter relating to it, and waives any objection it may have to the laying of venue in any such court or that such court is an inconvenient forum or does not have personal jurisdiction over it.

23.2 The Parties irrevocably agree that, should either Party institute any legal action or proceeding in any jurisdiction (whether for an injunction, specific performance, damages or otherwise) in relation to this Agreement, no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from such action or proceeding shall be claimed by it or on its behalf, any such immunity being hereby irrevocably waived, and each Party irrevocably agrees that it and its assets are, and shall be, subject to such legal action or proceeding in respect of its obligations under this Agreement.

24. Subrogation

To the extent that Buyer enforces any claim for indemnification or other claim or remedy against Seller under this Agreement and receives payment or another remedy from Seller in respect of such claim or remedy, the Parties agree that to the extent permitted by law and the Loan Documents, without the need for further action on the part of either Party, Seller shall be subrogated to the rights of Buyer against any other Entity, with respect to such claim or remedy to the extent of such payment or other remedy.

25. Attorneys' Fees

In the event legal action is commenced by any party hereto with respect to the transaction described herein, the prevailing party in such action shall be entitled to the award of its reasonable attorneys' fees and costs.

26. Reimbursement Agreement; Assignment of Deposit Account

Buyer acknowledges that Seller has provided Buyer with copies of: (a) that certain Reimbursement Agreement and (b) that certain Assignment of Deposit Account, both of which are dated June 11, 2001 and were entered into by and among Borrower, Seller and Innovative Communication Technologies, Inc. (the "Deposit Agreements"). Defined terms used in this Section shall have the same meanings ascribed to such terms in the Deposit Agreements. Seller and Buyer agree that: (i) the Deposit Agreements are not being transferred to Buyer hereunder and shall remain in full force and effect, (ii) Seller shall have the right to retain the Collateral described in the Deposit Agreements with the full right to withdraw all amounts from the Account necessary to reimburse Seller for all amounts drawn on the Letter of Credit by the

Beneficiary thereof and all other costs incurred by Lender, all as more fully set forth in the Deposit Agreements.

27. Interpretation

27.1 This Agreement includes the Exhibits, Schedules and any documents attached as exhibits to the Agreement.

27.2 The Schedules may supplement, change, or supersede other provisions of this Agreement. If there is any inconsistency between the provisions of the Schedules and the other provisions of this Agreement, the Schedules will prevail.

27.3 Terms used in the singular or the plural include the plural and the singular, respectively; "includes" and "including" are not limiting; and "or" is not exclusive

27.4 Any reference to a Party includes the Party's successors and permitted assigns.

27.5 Unless otherwise indicated, any reference to:

- (a) this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may at any time before the Effective Date be, in effect as modified, amended, or supplemented as of the Effective Date; and
- (b) a statute, law, order, rule, or regulation shall be construed as a reference to such statute, law, order, rule, or regulation as it may have been, or may at any time before the Effective Date be, in effect as modified, amended, or supplemented as of the Effective Date.

27.6 Section, Schedule and other headings and captions are included solely for convenience of reference and are not intended to affect the interpretation of any provisions of this Agreement.

27.7 This Agreement shall be deemed to have been jointly drafted, and no provision of it shall be interpreted or construed for or against any Party because such Party purportedly prepared or requested such provision, any other provision, or the Agreement as a whole.

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement by their duly authorized officers as of the date first set forth above.

FIRST NATIONAL BANK

By: Robert M. McNamara
 Name: ROBERT MCNAMARA
 Title: VICE PRESIDENT

Housatonic Micro Fund SBIC, L.P.

By: Housatonic Micro Partners SBIC, L.L.C.
General Partner

By: Joseph Niehaus
Joseph Niehaus, Member

Housatonic Micro Fund,, L.P.

By: Housatonic Micro Partners, L.L.C.
General Partner

By: Joseph Niehaus
Joseph Niehaus, Member

Lexington Funding LLC

By: Lexington Commercial Holdings, Inc.,
Manager

By: Tara Cornwell
Ms. Tara Cornwell,
Vice President

EXHIBIT A
ASSIGNMENT AND ACCEPTANCE

ASSIGNMENT AND ACCEPTANCE

Dated September 23, 2002

Reference is made to: (a) that certain Loan Agreement dated December 29, 1998 ("Loan Agreement") by and between First National Bank ("Assignor") and Advanced Remote Communications Solutions, Inc., a California corporation (formerly known as Boatracs, Inc.) and Enerdyne Technologies, Inc., a California corporation (collectively, "Borrower"), (b) that certain Promissory Note dated December 29, 1998 (the "Note"), evidencing the credit extensions (the "Loan") made by Assignor to Borrower as of the date hereof which were in the original principal amount of \$750,000 (as such amount has subsequently been increased and decreased from time to time), the terms of which were amended by a letter to Borrower from Assignor dated February 20, 2001 and those various Change in Terms Agreements dated February 4, 2000, February 28, 2000, March 13, 2001, May 18, 2001, August 3, 2001, November 5, 2001, December 20, 2001, and January 29, 2002, (c) that certain Loan Modification Agreement dated as of May 29, 2002 and (d) Various Commercial Security Agreements, Commercial Pledge Agreements, UCC-1 Financing Statements, Guaranties and related documents relating to the Loan (the Loan Agreement, the Note and all of the other documents and/or instruments entered into in connection with the Loan shall be collectively referred to herein as the "Loan Documents"). As of the date hereof, the aggregate unpaid principal balance of the Loan is \$1,500,000, and total accrued and unpaid interest and late charges on the Loan are in the amount of \$20,630.70.

Assignor and Housatonic Micro Fund SBIC, L.P. ("Housatonic SBIC"), Housatonic Micro Fund, L.P. ("Housatonic Micro") and Lexington Funding LLC ("Lexington") (Housatonic SBIC, Housatonic Micro and Lexington shall be sometimes collectively referred to as "**Assignee**") agree as set forth below.

1. Assignor hereby sells and assigns to Housatonic SBIC, and Housatonic SBIC hereby purchases and assumes from Assignor, an undivided 30.4% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents. Assignor hereby sells and assigns to Housatonic Micro, and Housatonic Micro hereby purchases and assumes from Assignor, an undivided 19.6% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents. Assignor hereby sells and assigns to Lexington, and Lexington hereby purchases and assumes from Assignor, an undivided 50% interest in all of Assignor's right, title and interest in and to the Loan and the Loan Documents.

2. Assignor: (a) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim, (b) except as set forth in the Purchase and Sale Agreement of even date herewith by and between Assignor and Assignee, makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any of the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any of the Loan Documents or any other instrument or document furnished pursuant thereto, and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower, any subsidiary or any other person or the performance or observance by Borrower or any other person of any of its obligations under any of the Loan Documents or any other instrument or document furnished pursuant thereto.

3. Each Assignee: (a) confirms that it has received copies of the Loan Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance, (b) agrees that it will, independently and without reliance upon Assignor and based on such documents and information as it may deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (c) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Loan Agreement are required to be performed by it as Lender thereunder.

4. Following the execution of this Assignment and Acceptance by Assignor and Assignee, the effective date of this Assignment and Acceptance shall be the date first set forth above (the "Effective Date").

5. As of the Effective Date: (a) Assignee shall be a party to the Loan Documents and, to the extent provided in this Assignment and Acceptance, shall have the rights and obligations of Assignor thereunder and (b) Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

6. From and after the Effective Date, Assignee shall be entitled to all payments of principal, interest and fees with respect to the Loan. Assignor and Assignee shall make all appropriate adjustments, directly between themselves, in payments under the Loan Agreement for periods before the Effective Date.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF CALIFORNIA.

Assignor:

FIRST NATIONAL BANK

By: Robert M. McNamara
Name: ROBERT MCNAMARA
Title: VICE PRESIDENT

Assignee:

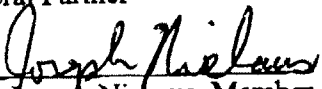
Housatonic Micro Fund SBIC, L.P.

By: Housatonic Micro Partners SBIC, L.L.C.
General Partner

By: Joseph Niehaus
Joseph Niehaus, Member

Housatonic Micro Fund, L.P.

By: Housatonic Micro Partners, L.L.C.
General Partner

By: 
Joseph Niehaus, Member

Lexington Funding LLC

By: Lexington Commercial Holdings, Inc.,
Manager

By: 
Ms. Tara Cornwell, Vice President

Schedule 1 To Purchase and Sale Agreement

Sections 4 (Seller's Representations and Warranties)

Section 4.1(f). The principal amount of the Loan outstanding as of the Effective Date is \$1,500,000, and total accrued and unpaid interest and late charges on the Loan are in the amount of \$20,630.70.

Section 4.1(j). Seller's insider/Affiliate status / committee membership disclosures: [None]

Section 4.1(k). Seller's receipt of written notices of fraudulent/preferential transfers, Notice of Impairment and related issues: [None]

Section 4.1(q). The following are all payments or other transfers received by Seller (by set-off or otherwise) or directed to others from or on account of Borrower or any Obligor in respect of the Transferred Rights on or after the 95th day preceding the Agreement Date: ^① \$ 5,281.25 interest payment received July 9, 2002

Section 8.2. The treatment of Pre-Closing Date Accruals is Trades Flat. ^② \$7,583.33 interest payment received Aug. 19, 2002

Section 9 (Notices)

Buyer's Address for Notices and Delivery

Housatonic Micro Fund SBIC, L.P.
Housatonic Micro Fund, L.P.
44 Montgomery Street
San Francisco, CA 94104
Attention: Mr. Joseph Niehaus
Telephone: (415) 955-9019
Facsimile: (415) 955-5719

Lexington Funding, LLC
9350 Wilshire Blvd., Suite 400
Beverly Hills, CA 90212-3206
Attention: Mr. Harvey Gettleson
Telephone: (310) 281-2154
Facsimile: (310) 271-3990

Buyer's Wire Instructions:

ABA No.:
Acct.:
Acct. No.
Attn.:
Ref.:

Seller's Address for Notices and Delivery

First National Bank
401 West A Street
San Diego, CA 92101
Attention: Robert McNamara
Telephone: (619) 744-7206
Facsimile: (619) 235-1266

Seller's Wire Instructions:

Wire funds through Federal Reserve for credit to:

First National Bank
401 West A Street
San Diego, CA 92101

ABA No: 122238938
Credit: Acct. 5641308361
Attention: Loan Servicing
Fax No. (858) 522-5310
Telephone No. (619) 338-1405