

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **1995-07-28**
SEC Accession No. **0000950134-95-001704**

(HTML Version on secdatabase.com)

SUBJECT COMPANY

TEKNOLEDGE CORP

CIK: **716214** | IRS No.: **942760916** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-38043** | Film No.: **95557194**
SIC: **7371** Computer programming services

Mailing Address

*1810 EMBARCADERO ROAD
PALO ALTO CA 94303*

Business Address

*1810 EMBARCADERO RD
PALO ALTO CA 94303
4154240500*

FILED BY

TRILOGY DEVELOPMENT GROUP INC ET AL

CIK: **932965**
Type: **SC 13D/A**

Business Address

*6034 WEST COURTYARD
SUITE 130
AUSTIN TX 78730*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934

(Amendment No. 1) (1)

TEKKNOWLEDGE CORPORATION

(Name of issuer)

COMMON STOCK

(Title of class of securities)

171853 10 4

(CUSIP number)

B. WADE MONROE, 6034 WEST COURTYARD, SUITE 130, AUSTIN, TEXAS 78730;
512-794-5900

(Name, address and telephone number of person
authorized to receive notices and communications)

JULY 18, 1995

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1 (b) (3) or (4), check the following box [].

Check the following box if a fee is being paid with the statement []. (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note. Six Copies of this statement, including all exhibits,

should be filed with the Commission. See Rule 13d-1 (a) for other parties to whom copies are to be sent.

(Continued on following pages)

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(1) The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 171853 10 4

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1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS

Trilogy Development Group, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) / /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e) / /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	7	SOLE VOTING POWER	
NUMBER OF			2,853,422
SHARES			
BENEFICIALLY	8	SHARED VOTING POWER	
OWNED BY			-0-
EACH	9	SOLE DISPOSITIVE POWER	
REPORTING			2,853,422
PERSON			
WITH	10	SHARED DISPOSITIVE POWER	
			-0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,853,422

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* / /

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

11.1%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

3
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1 NAME OF REPORTING PERSONS
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS

Joseph A. Liemandt

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) / /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

/ /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

NUMBER OF

-0-

SHARES

BENEFICIALLY

8 SHARED VOTING POWER

OWNED BY

-0-

EACH 9 SOLE DISPOSITIVE POWER
REPORTING -0-
PERSON -----
10 SHARED DISPOSITIVE POWER
WITH -0-

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
-0-

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
/X/

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
-0-

14 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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ITEM 1. SECURITY AND ISSUER.

The class of equity securities to which this statement relates is the common stock, \$.01 par value, of Teknowledge Corporation (the "Issuer"). The address of the principal executive offices of the Issuer is as follows:

Teknowledge Corporation
1810 Embarcadero Road
Palo Alto, California 94303

ITEM 2. IDENTITY AND BACKGROUND.

This statement is filed on behalf of Trilogy Development Group, Inc.

("Trilogy") and Joseph A. Liemandt. In addition, as required by General Instruction C of Schedule 13D, information is being provided in the responses to Items 2 through 6 below with respect to each executive officer and director of Trilogy and each person controlling Trilogy.

A. TRILOGY

Trilogy is a Delaware corporation primarily engaged in the computer software business. The address of its principal business, which is the same as the address of its principal office, is as follows:

Trilogy Development Group, Inc.
6034 West Courtyard, Suite 130
Austin, Texas 78730

Trilogy has not been convicted in a criminal proceeding during the last five years. Trilogy was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which it was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.

B. EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS

(i) Dennis R. Cassell. Dennis R. Cassell is Secretary of Trilogy and is a member of its Board of Directors. His principal occupation is as a partner with the law firm of Cassell & Stone, L.L.P. His business address, and the business address of Cassell & Stone, L.L.P., is as follows:

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Dennis R. Cassell
Cassell & Stone, L.L.P.
5956 Sherry Lane, Suite 1400
Dallas, Texas 75225

Mr. Cassell has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Mr. Cassell is a United States citizen.

(ii) Charles I. Frumberg. Charles I. Frumberg is a member of the Board of Directors of Trilogy. His principal occupation is as a principal of UBS Securities, Inc., an investment firm. His business address, and the business address of UBS Securities, is as follows:

Charles I. Frumberg
UBS Securities, Inc.
299 Park Avenue
New York, New York 10171-0026

Mr. Frumberg has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Mr. Frumberg is a United States citizen.

(iii) Diane R. Liemandt. Diane R. Liemandt is a member of the Board of Directors of Trilogy. Her principal occupation is management of personal investments. Her residence address is as follows:

Diane R. Liemandt
7 Abbotsford Court
Dallas, Texas 75225-1803

Ms. Liemandt has not been convicted in a criminal proceeding during the last five years. She was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which she was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Ms. Liemandt is a United States citizen.

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(iv) Joseph A. Liemandt. Joseph A. Liemandt ("Liemandt") is President and Chairman of the Board of Directors of Trilogy, which is his principal occupation. His business address is as follows:

Joseph A. Liemandt
Trilogy Development Group, Inc.
6034 West Courtyard, Suite 130
Austin, Texas 78730

Liemandt has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Liemandt is a United States citizen.

(v) Philip E. London. Philip E. London is the Vice President of Development for Trilogy, which is his principal occupation. His business address is as follows:

Philip E. London
Trilogy Development Group, Inc.
6034 West Courtyard, Suite 130
Austin, Texas 78730

Mr. London has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Mr. London is a United States citizen.

(vi) Arthur J. Marks. Arthur J. Marks is a member of the Board of Directors of Trilogy. His principal occupation is as a principal of New Enterprise Associates V, Limited Partnership, an investment firm, and affiliated entities. His business address, and the business address of New Enterprise Associates V, Limited Partnership, is as follows:

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Arthur J. Marks
New Enterprise Associates V, Limited Partnership
1119 St. Paul Street
Baltimore, Maryland 21202

Mr. Marks has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Mr. Marks is a United States citizen.

(vii) Henry F. McCance. Henry F. McCance is a member of the Board of Directors of Trilogy. His principal occupation is as a general partner of Greylock Limited Partnership, an investment firm. His business address, and the business address of Greylock Limited Partnership, is as follows:

Henry F. McCance
Greylock Limited Partnership
One Federal Street, 26th Floor
Boston, Massachusetts 02110

Mr. McCance has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject

to, Federal or State securities laws or finding any violation with respect to such laws. Mr. McCance is a United States citizen.

(viii) B. Wade Monroe. B. Wade Monroe is Executive Vice President and Chief Financial Officer of Trilogy and a member of its Board of Directors, which is his principal occupation. His business address is as follows:

B. Wade Monroe
Trilogy Development Group, Inc.
6034 West Courtyard, Suite 130
Austin, Texas 78730

Mr. Monroe has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State

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securities laws or finding any violation with respect to such laws. Mr. Monroe is a United States citizen.

(ix) Donald L. Steele. Donald L. Steele is the Vice President, Sales for Trilogy, which is his principal occupation. His business address is as follows:

Donald L. Steele
Trilogy Development Group, Inc.
6034 West Courtyard, Suite 130
Austin, Texas 78730

Mr. Steele has not been convicted in a criminal proceeding during the last five years. He was not a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws. Mr. Steele is a United States citizen.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

A. TRILOGY

Trilogy owns 2,853,422 shares (the "Subject Shares") of the common stock, \$.01 par value, of the Issuer. Trilogy acquired 270,000 of the Subject Shares (the "Liemandt Shares") from Liemandt. Trilogy paid Liemandt an aggregate of \$56,340.70, or approximately \$0.209 per share, for the Liemandt Shares.

Trilogy acquired 1,854,851 of the Subject Shares (the "Ford Shares") from Ford Motor Company in a negotiated transaction at a purchase price of \$0.125 per share, or an aggregate purchase price of \$231,856.38.

Trilogy acquired the remaining 728,571 of the Subject Shares (the "BMW Shares") and debt of the Issuer in the face amount of \$1,000,000 from BMW of North America, Inc., in a negotiated transaction at aggregate purchase price of \$550,000, including a per-share price of \$0.375.

The source of the funds Trilogy used to complete both purchases was working capital. No funds were borrowed in connection with the purchases.

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B. EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS

(i) Liemandt. Liemandt expressly disclaims beneficial ownership of the Subject Shares. Accordingly, no shares beneficially owned by Liemandt are being reported pursuant to this Schedule 13D. Liemandt originally acquired the Liemandt Shares using personal funds, and did not borrow any funds in connection therewith.

(ii) Other Executive Officers, Directors and Control Persons.
Not applicable.

ITEM 4. PURPOSE OF TRANSACTION.

A. TRILOGY

Trilogy has acquired the Subject Shares for investment purposes. Trilogy believes the Subject Shares represent an attractive investment opportunity at this time. Trilogy may make additional purchases of the Issuer's common stock, either in the open market or in private transactions, depending on Trilogy's evaluation of the Issuer's business, prospects and financial condition, the market for the Issuer's common stock, other opportunities available to Trilogy, stock market conditions, and other future developments.

Although the purchase of the Subject Shares by Trilogy has been made for investment, at some future time Trilogy might decide that it is desirable to enter into a business transaction with the Issuer or to seek to control or otherwise influence the management or policies of the Issuer. Management of Trilogy has made no decision in that regard to date, and has not been authorized by Trilogy's Board of Directors to enter into a business transaction with the Issuer or to seek to control or otherwise influence the management or policies of the Issuer.

Except as set forth in this Item 4, Trilogy has no plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

B. EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS

To the best knowledge of Trilogy, none of its executive officers or directors has any plans or proposals that relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

A. TRILOGY

Trilogy beneficially owns 2,853,422 shares of the common stock of the Issuer, which are the Subject Shares. Based on information contained in the most recently available filing by the Issuer with the Securities and Exchange Commission, such shares constitute approximately 11.1% of the Issuer's outstanding common stock. Trilogy has the sole power to vote and to dispose of all of such shares.

Trilogy acquired the Ford Shares in a negotiated transaction that was agreed to by all parties to the transaction November 7, 1994 and was closed November 10, 1994. Trilogy acquired the Liemandt Shares in a negotiated transaction that was agreed to and closed November 10, 1994. Trilogy acquired the BMW Shares in a negotiated transaction that was agreed to and closed July 18, 1995. See "Item 3. Source and Amount of Funds or Other Consideration" for a discussion of the amount of securities involved and the purchase price per share in each such transaction.

B. EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS

(i) Liemandt. Liemandt sold the Liemandt Shares to Trilogy in a single transaction on November 10, 1994, and presently has no direct ownership of, and no power to vote or to direct the vote of or to dispose of or to direct the disposition of, any securities of the Issuer. He does own a majority of the outstanding voting securities of Trilogy and thus could be regarded as an indirect beneficial owner of the Subject Shares. However, Liemandt expressly disclaims beneficial ownership of any of the Subject Shares. Moreover, Liemandt expressly declares that the filing of this Schedule 13D shall not be construed as an admission that he is, for purposes of Section 13(d) of the Exchange Act of 1934, the beneficial owner of any of the Subject Shares.

(ii) Other Executive Officers, Directors and Control Persons. Philip E. London is the beneficial owner of 3,000 shares of the common stock, \$.01 par value, of the Issuer. Mr. London has sole power to vote and to dispose of such shares.

Except as otherwise disclosed herein, to the best knowledge of Trilogy no shares of common stock of the Issuer are beneficially owned by any of its executive officers or directors. To the best knowledge of Trilogy, none of its

executive officers or directors have effected any transactions in the common stock of the Issuer during the past 60 days.

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ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

a. Trilogy

Not applicable.

B. EXECUTIVE OFFICERS, DIRECTORS AND CONTROL PERSONS

Not applicable.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit "A" -- Memorandum Regarding Purchase and Sale of the Ford Shares*

Exhibit "B" -- Agreement Regarding Joint Filing*

Exhibit "C" -- Letter Agreement Regarding Purchase and Sale of the BMW Shares

Exhibit "D" -- Stock Purchase Agreement and Assignment Regarding Purchase and Sale of the BMW Shares

Exhibit "E" -- Second Agreement Regarding Joint Filing

*Previously Filed

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

July 28, 1995

(DATE)

TRILOGY DEVELOPMENT GROUP, INC.

By: /s/ Joseph A. Liemandt

(SIGNATURE)

Joseph A. Liemandt, President

(NAME/TITLE)

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

July 28, 1995

(DATE)

/s/ Joseph A. Liemandt

(SIGNATURE)

Joseph A. Liemandt, Individually

(NAME/TITLE)

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EXHIBIT INDEX

Exhibit "A" -- Memorandum Regarding Purchase and Sale of the Ford Shares*

Exhibit "B" -- Agreement Regarding Joint Filing*

Exhibit "C" -- Letter Agreement Regarding Purchase and Sale of the BMW Shares

Exhibit "D" -- Stock Purchase Agreement and Assignment Regarding Purchase and Sale of the BMW Shares

Exhibit "E" -- Second Agreement Regarding Joint Filing

*Previously Filed

Exhibit "C"

June 30, 1995

Bob Wennemer
BMW Of North America
300 Chestnut Ridge Road
Woodcliffe Lake, NJ 07675

Dear Bob,

As of February 11, 1987, BMW Vision Associates Limited Partnership ("Vision") and American Cimflex Corporation ("ACC") entered into a Technology Sale and Stock Purchase Agreement whereby Vision sold certain technology to ACC for a consideration consisting of shares of ACC common stock, par value \$.01 per share, plus a specified minimum royalty (the "Agreement"). ACC merged into Cimflex Teknowledge Corporation ("Teknowledge") effective February 24, 1989. Teknowledge subsequently shortened its name to Teknowledge Corporation and is the successor-in-interest to the rights and liabilities of ACC pursuant to the Agreement. In addition, we understand that BMW is the successor in interest of Vision and that BMW today owns 728,571 shares of Teknowledge Common Stock.

Trilogy Development Group, Inc. ("Trilogy"), hereby offers to purchase the rights (excluding the Teknowledge Stock) of BMW under the Agreement and the 728,571 shares of Teknowledge Common Stock currently held by BMW for a consideration of \$550,000 (the "Offer"). BMW evidenced by the signature of its authorized representative at the end of this letter, hereby accepts the Offer and agrees to sell all of Vision's rights under the Agreement to Trilogy.

The Offer is subject to the following condition: Legal counsel to Trilogy must confirm that all royalties due under the Agreement (whether due prior or subsequent to the date hereof) are legally collectible by Trilogy after it has assumed the rights of BMW under the Agreement. If the foregoing condition is not met by the close of business on July 14th, 1995, then the Offer will be automatically rescinded and neither BMW nor Trilogy will have any liability hereunder.

This Offer will remain in effect until 11:59 P.M., June 30, 1995.

Sincerely,
TRILOGY DEVELOPMENT GROUP, INC.

By: /s/ Jack F. Lynch

Name: Jack F. Lynch

Title: Controller

Agreed and Accepted this
30 day of June, 1995
BMW

By: /s/ Robert G. Wennemer, /s/ Dennis J. Helfman

Name: Robert G. Wennemer / Dennis J. Helfman

Title: Treasurer / General Counsel & Secretary

Exhibit "D"

STOCK PURCHASE AGREEMENT AND ASSIGNMENT

This Stock Purchase Agreement and Assignment (the "Agreement") is entered into this 18th day of July, 1995, by and between Trilogy Development Group, Inc., a Delaware corporation ("Buyer"), and BMW of North America, Inc., a Delaware corporation ("Seller").

WHEREAS, Seller desires to sell, and Buyer desires to purchase, 728,571 shares (the "Shares") of the Common Stock ("Common Stock"), par value \$.01 per share, of Teknowledge Corporation, a Delaware corporation (the "Company"), for the consideration and upon the terms and subject to the conditions hereinafter set forth;

WHEREAS, Seller desires also to assign to Buyer all of Seller's rights, excluding all rights pertaining to shares of Common Stock, pursuant to that certain Technology Sale and Stock Purchase Agreement, dated as of February 11, 1987, by and between BMW Vision Associates Limited Partnership ("Vision") and American Cimflex Corporation ("ACC") (the "ACC Agreement");

WHEREAS, Seller is the successor-in-interest to Vision under the ACC Agreement and the Company is by merger the successor-in-interest to ACC under the ACC Agreement;

WHEREAS, this Agreement is entered into pursuant to the terms of that certain letter, dated June 30, 1995, from Buyer to Bob Wennemer of BMW of North America, as agreed and accepted by Seller on June 30, 1995 (the "Letter Agreement");

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. Purchase and Sale.

1.1 Purchase Price. Upon the terms and subject to the conditions set forth in this Agreement and upon the representations and warranties made herein by each of the parties to the other, Seller hereby sells, grants, conveys, assigns, transfers and delivers to Buyer, and Buyer hereby purchases and acquires from Seller, (i) the Shares and (ii) all of Seller's rights and other interests in the ACC Agreement (including all rights of Seller to receive payments from the Company, whether such payments are past due, are currently due, or will become due in the future, and excluding the Common Stock, and all rights with respect thereto, referenced in the ACC Agreement) at a price of \$550,000 (the "Purchase Price").

1.2 Payment of Purchase Price. Payment of the Purchase Price has been made by Buyer in cash by wire transfer to an account designated by Seller, the receipt of which is hereby acknowledged by Seller.

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1.3 Delivery of Shares. Seller has delivered to Buyer certificates representing 379,412 of the total number of Shares. Such certificates have been duly endorsed for transfer or accompanied by appropriate stock powers (in either case executed in blank or in favor of Buyer). Delivery of the remaining 349,159 Shares purchased by Buyer pursuant to this Agreement will be made by Seller delivering to Buyer certificates representing such remaining Shares, duly endorsed for transfer or accompanied by appropriate stock powers (in either case executed in blank or in favor of Buyer). Such remaining Shares shall be delivered to Buyer as soon as practicable after the date of this Agreement.

2. Representations and Warranties of Seller.

Seller represents and warrants to Buyer as follows:

2.1 Authorization; Validity and Effect of Agreements. The execution and delivery of this Agreement and all agreements and documents contemplated hereby by Seller, and the consummation by it of the transactions contemplated hereby, have been duly authorized by all requisite corporate action. This Agreement constitutes, and all agreements and documents contemplated hereby when executed and delivered pursuant hereto for value received will constitute, the valid and legally binding obligations of Seller enforceable in accordance with their terms, except that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, bulk sales, preference, equitable subordination, marshalling or other similar laws of general application now or hereafter in effect relating to the enforcement of creditors' rights generally and except that the remedies of specific performance, injunction and other forms of equitable relief are subject to certain tests of equity jurisdiction, equitable defenses and the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of this Agreement by Seller does not, and the consummation by Seller of the transactions contemplated hereby will not, (i) require the consent, approval or authorization of, or declaration, filing or registration with (except as to the Shares), any governmental or regulatory authority; (ii) result in the breach of any term or provision of, or constitute a default under, or result in the acceleration of or entitle any party to accelerate (whether after the giving of notice or the lapse of time or both) any obligation under, or result in the creation or imposition of any lien, charge, pledge, security interest or other encumbrance upon any part of the property of Seller pursuant to any provision of, any order, judgment, arbitration award, injunction, decree, indenture, mortgage, lease, license, lien, or other agreement or instrument to which Seller is a party or by which Seller is bound, specifically excluding the ACC

Agreement; or (iii) violate or conflict with any provision of the by-laws or charter of Seller as amended to the date of this Agreement.

2.2 Title to Shares. The Shares are duly authorized, validly issued, fully paid and nonassessable and are owned by Seller free and clear of all liens, security interests, pledges, charges, restrictions (other than restrictions under applicable securities laws and the Company's charter), assessments, adverse claims or other encumbrances. The Shares are subject to no restrictions (other than restrictions under applicable securities laws and the

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Company's charter) with respect to transferability to Buyer in accordance with the terms of this Agreement. Upon delivery of the Shares, Buyer has received and will receive, as a result, good and marketable title to all of the Shares, free and clear of all security interests, liens, charges, assessments, restrictions (other than restrictions under applicable securities laws and the Company's charter), adverse claims and other encumbrances of any kind or character.

2.3 Performance of ACC Agreement. Seller has performed all of the terms and conditions on its part to be performed under the ACC Agreement and Seller is not aware of any actions taken by it that would alter the terms and conditions of the ACC Agreement. Seller has furnished to Buyer, and Buyer acknowledges receipt of, a copy of a letter from the Company dated May 19, 1995 (with certain financial terms expunged), relating to the Company's position with respect to royalty payments under the ACC Agreement, although Seller makes no representations as to the accuracy of the dollar amounts contained therein.

2.4 No Misrepresentation or Omission. No representation or warranty by Seller in Paragraphs 2.1, 2.2, or 2.3 of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained therein not misleading.

2.5 Limitations. Seller makes this assignment without recourse and without any warranty of any kind, either express or implied, as to (a) any of the matters herein contained except as expressly stated in Paragraphs 2.1, 2.2, and 2.3, (b) the right of Seller to assign or otherwise convey to Buyer Seller's rights under the ACC Agreement, or (c) the right of Buyer to collect any sum of money under the ACC Agreement.

3. Representations and Warranties of Buyer. Buyer represents and warrants to Seller as follows:

3.1 Authorization; Validity and Effect of Agreements.

The execution and delivery of this Agreement and all agreements and documents contemplated hereby by Buyer, and the consummation by it of the transactions contemplated hereby, have been duly authorized by all requisite corporate action. This Agreement constitutes, and all agreements and documents contemplated hereby when executed and delivered pursuant hereto for value received will constitute, the valid and legally binding obligations of Buyer enforceable in accordance with their terms, except that enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium, bulk sales, preference, equitable subordination, marshalling or other similar laws of general application now or hereafter in effect relating to the enforcement of creditors' rights generally and except that the remedies of specific performance, injunction and other forms of equitable relief are subject to certain tests of equity jurisdiction, equitable defenses and the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of this Agreement by Buyer does not, and the consummation by Buyer of the transactions contemplated hereby will not, (i) require the consent, approval or authorization of, or declaration, filing or registration with, any

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governmental or regulatory authority or any third party, (ii) result in the breach of any term or provision of, or constitute a default under, or result in the acceleration of or entitle any party to accelerate (whether after the giving of notice or the lapse of time or both) any obligation under, or result in the creation or imposition of any lien, charge, pledge, security interest or other encumbrance upon any part of the property of Buyer pursuant to any provision of, any order, judgment, arbitration award, injunction, decree, indenture, mortgage, lease, license, lien, or other agreement or instrument to which Buyer is a party or by which it is bound, or (iii) violate or conflict with any provision of the by-laws or certificate of incorporation of Buyer as amended to the date of this Agreement.

3.2 Investment Representation. Buyer is acquiring the Shares for the purpose of investment and not with a view to or for sale in connection with any distribution thereof. Buyer has no present intention of making a sale or distribution of the Shares, unless such sale or distribution is either registered under the Securities Act of 1933, as amended, or an exemption from such registration is available.

4. Other Covenants and Agreements.

4.1 Indemnification by Seller. Seller agrees to indemnify and hold Buyer harmless against, and will reimburse Buyer on demand for, any payment, loss, cost or expense (including reasonable

attorney's fees and reasonable costs of investigation incurred in defending against such payment, loss, cost or expense or claim therefor) made or incurred by or asserted against Buyer at any time after the date of this Agreement in respect of any and all damage or deficiency resulting from any inaccuracy, omission, misrepresentation, breach of any warranty, or nonfulfillment of any term, provision, covenant or agreement, on the part of Seller contained in this Agreement. It is hereby acknowledged that the indemnification provided for in this Paragraph 4.1 does not extend to the terms of the ACC Agreement.

4.2 Indemnification by Buyer. Buyer agrees to indemnify and hold Seller harmless against, and will reimburse Seller on demand for, any payment, loss, cost or expense (including reasonable attorney's fees and reasonable costs of investigation incurred in defending against such payment, loss, cost or expense or claim therefor) made or incurred by or asserted against Seller at any time after the date of this Agreement in respect of any and all damage or deficiency resulting from any inaccuracy, omission, misrepresentation, breach of warranty, or nonfulfillment of any term, provision, covenant or agreement on the part of Buyer contained in this Agreement, or from any inaccuracy or misrepresentation in, or omission from, any certificate or other instrument furnished or to be furnished by Buyer to Seller pursuant to this Agreement. Buyer further agrees that it will at all times indemnify and save harmless Seller from all costs and damages for which Seller might hereafter become liable, or which Seller might pay resulting from the commencement and prosecution of any action by or on behalf of Buyer or its successors or assignees, in Buyer's name or otherwise, or against Buyer or its successors or assignees, or resulting from any other steps that may be

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taken by or on behalf of Buyer or its successors or assignees to collect any sum that may be due or become due under the ACC Agreement.

4.3 Expenses. Buyer shall pay all expenses that may be incurred by Buyer in the collection of any sum due Seller under the ACC Agreement whether for attorneys' fees, court costs or otherwise, and Seller shall not be required to pay any of these expenses. Each party hereto shall be responsible for and shall pay all of its costs, liabilities and other obligations incurred by it in connection with the negotiation, preparation and execution of this Agreement, including legal and accounting fees.

5. Miscellaneous.

5.1 Notice. Any notice, consent, approval, request, demand or other communication required or permitted hereunder must be in writing to be effective and shall be deemed delivered and received

(i) if personally delivered or if delivered by telex or telecopy with electronic confirmation, when actually received by the party to whom sent, or (ii) if delivered by mail (whether actually received or not), at the close of business on the third business day next following the day when placed in the federal mail, postage prepaid, certified or registered mail, return receipt requested, addressed as follows:

If to Buyer:

Trilogy Development Group, Inc.
6034 West Courtyard Drive
Austin, Texas 78730
Attn: Jack Lynch

If to Seller:

BMW of North America
300 Chestnut Ridge Road
Woodcliffe Lake, NJ 07675
Attn: Bob Wennemer

(or to such other address as any party shall specify by written notice so given).

5.2 Execution of Additional Documents. The parties hereto will at any time, and from time to time after the date of this Agreement, upon request of the other party, execute, acknowledge and deliver all such further deeds, assignments, transfers, conveyances, powers of attorney and assurances, and take all such further acts as may be required to transfer and vest title to any Shares being transferred hereunder, and to protect the right, title and interest in and enjoyment of all of the Shares sold, granted, assigned, transferred, delivered and

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conveyed pursuant to this Agreement; provided, however, that this Agreement shall be effective regardless of whether any such additional documents are executed.

5.3 Binding Effect; Benefits. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any person (other than the parties hereto or their respective successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

5.4 Entire Agreement. This Agreement, together with the

Letter Agreement, constitute the final written expression of all of the agreements between the parties, and are a complete and exclusive statement of those terms, and supersede all understandings and negotiations concerning the matters specified herein. Any representations, promises, warranties or statements made by either party that differ in any way from the terms of this written Agreement and the Letter Agreement, shall be given no force or effect. The parties specifically represent, each to the other, that there are no additional or supplemental agreements between them related in any way to the matters herein contained unless specifically included or referred to herein. No addition to or modification of any provision of this Agreement shall be binding upon any party unless made in writing and signed by all parties.

5.5 Governing Law. THIS AGREEMENT, AND ALL QUESTIONS RELATING TO ITS VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT (INCLUDING, WITHOUT LIMITATION, PROVISIONS CONCERNING LIMITATIONS OF ACTION), SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, NOTWITHSTANDING ANY CONFLICT-OF-LAW DOCTRINES OF SUCH STATE OR OTHER JURISDICTION TO THE CONTRARY.

5.6 Survival. All of the terms, conditions, warranties and representations contained in this Agreement shall survive, in accordance with their terms, delivery by Buyer of the consideration to be given by it hereunder and delivery by Seller of the consideration to be given by it hereunder, and shall survive the execution hereof.

5.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart. It is not necessary that each party hereto execute the same counterpart, so long as identical counterparts are executed by all parties.

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5.8 Headings. Headings of the Sections of this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

5.9 Waivers. Any party may, by written notice to the other party hereto, (i) extend the time for the performance of any of the obligations or other actions of the other under this Agreement; (ii) waive any inaccuracies in the representations or warranties of the other contained in this Agreement or in any document delivered pursuant to this Agreement; (iii) waive compliance with any of the conditions or covenants of the other contained in this Agreement; or

(iv) waive performance of any of the obligations of the other under this Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including without limitation any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained in this Agreement. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

5.10 Severability. If for any reason whatsoever, any one or more of the provisions of this Agreement shall be held or deemed to be illegal, inoperative, unenforceable, void, voidable or otherwise invalid as applied to any particular case or in all cases, such circumstances shall not have the effect of rendering such provision invalid in any other case or of rendering any of the other provisions of this Agreement illegal, inoperative, unenforceable, void, voidable or otherwise invalid. Furthermore, in lieu of each such illegal, invalid, unenforceable, void, voidable or inoperative provision, there shall be added automatically, as part of this Agreement, a provision similar in terms of such illegal, invalid, unenforceable, void, voidable or inoperative provision as may be possible and as shall be legal, valid, enforceable and operative.

* * * * *

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IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year hereinabove first set forth.

<TABLE>
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TRILOGY DEVELOPMENT GROUP, INC.

By: /s/ Jack F. Lynch

Printed Name: Jack Lynch

Title: Controller

BMW OF NORTH AMERICA, INC.

By: /s/ Robert G. Wennemer, /s/ Dennis J. Helfman

Printed Name: Robert G. Wennemer/
Dennis J. Helfman

Title: Treasurer/
General Counsel & Secretary

</TABLE>

Exhibit "E"

SECOND AGREEMENT REGARDING JOINT FILING

This Second Agreement Regarding Joint Filing evidences the agreement of Trilogy Development Group, Inc., a Delaware corporation ("Trilogy"), and Joseph A. Liemandt, an individual, to the joint filing with the Securities and Exchange Commission of a Schedule 13D/A, Amendment No. 1, on behalf of each of them on or about July 28, 1995, relating to the acquisition by Trilogy of beneficial ownership of certain securities issued by Teknowledge Corporation.

In witness whereof, the parties hereto have executed this Agreement as of the 28th day of July, 1995.

TRILOGY DEVELOPMENT GROUP, INC.

By: /s/ Joseph A. Liemandt

Joseph A. Liemandt, President

/s/ Joseph A. Liemandt

Joseph A. Liemandt, Individually