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07-21-1998



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

1. Name of conveying party(ies):

Automation Electronics, Inc.

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

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: June 30, 1998

2. Name and address of receiving party(ies)

Name: Memry Corporation

Internal Address:

Street Address: 57 Commerce Drive

City: Brookfield State: CT ZIP: 06804

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

If assignee is not domiciled in the United States, a domestic representative designator is attached: Yes No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? Yes No

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

U.S. 2,122,691

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: James G. Binch

Internal Address: Memry Corporation

Street Address: 57 Commerce Drive

City: Brookfield State: CT ZIP: 06804

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

07/21/1998 JSHABAZZ 00000003 2122691

01 FC:481 40.00 0P

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

David J. Albin
Name of Person Signing

David L. Albin
Signature

7/8/98
Date

Total number of pages including cover sheet, attachments, and document: 1

REEL: 1755 FRAME: 0448

Mall documents to be recorded with required cover sheet information to:

NOTE AND SECURITY AGREEMENT

To: **Memry Corporation**

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned (the "Debtor") hereby agrees as follows:

1. COLLATERAL

The Debtor grants to Memry Corporation (the "Secured Party") a present and continuing security interest in any and all of the following property, whether now or hereafter owned, acquired or existing and wherever located (collectively, the "Collateral"):

- (a) All finished goods and other inventory and equipment sold by the Secured Party to the Debtor pursuant to that certain Asset Purchase Agreement, dated as of June 30, 1998, between Secured Party and Debtor (the "Asset Purchase Agreement");
- (b) All patents and trademarks sold by the Secured Party to the Debtor pursuant to the Asset Purchase Agreement, the right to file and prosecute applications for such patents and trademarks, and the good will of the Debtor connected with the use of and/or symbolized by such patents and/or trademarks or otherwise associated therewith; and
- (c) All products and proceeds, including without limitation the proceeds of insurance, of any and all of the above Collateral.

All terms used above to describe the Collateral and which are defined in the Wisconsin Uniform Commercial Code (the "Code") shall have the respective meanings given them in the Code.

2. OBLIGATIONS SECURED

The security interest granted hereunder in the Collateral shall secure the payment of all present and future indebtedness and liabilities of Debtor to Secured Party however incurred (collectively, the "Obligations"), including without limitation all principal, interest, costs and expenses under all promissory notes and all obligations under guaranties.

3. DUTIES AND REPRESENTATIONS OF DEBTOR REGARDING COLLATERAL

- (a) Debtor shall maintain the Collateral in good condition and repair, reasonable wear and tear excepted.
- (b) Debtor shall promptly provide to Secured Party such schedules and other information as to the Collateral as Secured Party may reasonably request from time to time. Debtor shall enable Secured Party to inspect the Collateral whenever Secured Party reasonably specifies.
- (c) Debtor shall procure and maintain reasonably adequate hazard insurance with respect to the tangible Collateral. Debtor will make the Secured Party loss payee, as its interests may appear, under any insurance policies covering the Collateral. Secured Party shall have the right to apply any proceeds therefrom to the payment of the Obligations (matured or unmatured).
- (d) Debtor represents and covenants that:
 - (I) All Collateral is, and the Debtor shall keep all Collateral, free and clear of all security interests, liens, or encumbrances of any kind, other than those granted to the Secured Party.
 - (II) Upon the filing of the financing statements and other instruments comprising Annex I hereto with the governmental authorities set forth thereon, the Secured Party will have a perfected first priority security interest in all inventory, patents and trademarks purchased by Debtor from Secured Party pursuant to the Asset Purchase Agreement.
 - (III) The Debtor has all requisite legal and corporate power and authority to execute and deliver this Note and Security Agreement (this "Agreement") and the \$325,000 Commercial Term Promissory Note issued by Debtor to Secured Party contemporaneously herewith (the "Note") and to carry out and perform its obligations under the terms of this Agreement and the Note.
 - (IV) All corporate action on the part of the Debtor, its officers, directors, and its stockholders necessary for the authorization, execution, delivery, and performance of this Agreement and the Note by the Debtor and the performance of all of the Debtor's obligations hereunder and thereunder have been taken. This Agreement and the Note each constitute a valid and legally binding obligation of the Debtor, enforceable against the Debtor in accordance with their respective terms, subject to (i) laws of general application relating to bankruptcy, insolvency, and the relief of

debtors, and (ii) rules of law governing specific performance, injunctive relief, or other equitable remedies.

- (V) The execution, delivery, and performance of, and compliance with, this Agreement and the Note and the consummation of the transactions contemplated hereby and thereby, have not and will not: (i) violate, conflict with or result in a breach of any provision of or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a creation of any lien upon any of the assets, properties or business of the Debtor under, any of the terms, conditions or provisions of (x) the certificate of incorporation or the by-laws of the Company, or (y) any contract or agreement to which the Debtor is party or by which its assets are bound; or (ii) violate any judgment, ruling, order, writ, injunction, award, decree, or, to its knowledge, law of any court or federal, state, county or local government or any other governmental, regulatory or administrative agency or authority which is applicable to the Debtor or any of its assets, properties or businesses; or (iii) to its knowledge, result in the suspension, revocation, impairment, forfeiture, or non-renewal of any franchise, permit, license, authorization, or approval material to the Debtor.
- (VI) No consent, approval, or authorization of, or designation, declaration, notification, or filing with any governmental authority on the part of the Company is required in connection with the valid execution, delivery and performance of this Agreement or the Note, except for the filing of the financing statements and other instruments comprising Annex I hereto.
- (e) Without Secured Party's consent, Debtor shall not (1) sell, assign, lease or otherwise dispose of any of the Collateral or (2) remove any of its inventory or equipment included within the Collateral from Debtor's current principal place of business, except that Collateral which is inventory may be sold or used in the ordinary course of Debtor's business.
- (f) Upon the reasonable written request of Secured Party, and at the sole expense of Debtor, Debtor will promptly and duly execute and deliver such further assignments, financing statements, instruments and other documents and take such further actions as Secured Party may reasonably request for the purpose of obtaining or preserving the full benefits of the Note and this Agreement and of the rights and powers herein granted, and the attachment, perfection, and priority of the security interest herein granted in the Collateral. A carbon, photographic or other reproduction of this Agreement or any financing statement shall be sufficient as a financing statement for filing in any jurisdiction where so permitted.

- (g) Debtor represents and warrants that:
- (i) Debtor's chief executive office and principal place of business is 106 East Doty Street, Madison, Wisconsin 53703.
 - (ii) Debtor has never changed its name, identity or structure. Debtor has no trade names or trade styles.
- (h) Debtor shall not (i) change the location of either its chief executive office or its chief place of business from that specified above or remove its books and records from its chief executive office or its chief place of business, or (ii) change its name, identity or structure, or (iii) change the location of any of its inventory included within the Collateral from that set forth above, unless, in each case, it shall have given Secured Party at least 30 days prior written notice thereof.
- (i) Debtor shall not, without Secured Party's consent, (a) take any action prohibited by Section 3.3(d) of the Warrant Holders Rights Agreement between Debtor and Secured Party of even date herewith, whether or not said agreement is then in force and effect, (b) acquire all or substantially all of the assets or business of any third party, whether by purchase of stock or assets, merger or consolidation, (c) sell, assign, transfer, lease or otherwise dispose of all or substantially all of its properties or assets, or (d) make or declare any distribution on or in respect of any equity interests, or purchase, redeem or retire any equity interests.
- (j) Debtor shall, simultaneously with the execution and delivery hereof, cause Robert Anderson to execute and deliver to Creditor the Fidelity Guaranty in the Form of Annex II hereto.

4. DEFAULT

- (a) Debtor shall be in default under this Agreement if any one or more of the following occurs:
- 1. Debtor fails to make any payment on any Obligation when due, after the expiration of any applicable grace period (if any).
 - 2. Debtor fails to perform any provision of this Agreement or any Event of Default shall occur under any note evidencing any of the Obligations.
- (b) If Debtor shall be in default under this Note and Security Agreement, Secured Party may, at Secured Party's option, and without the need for presentment, demand, protest, or other notice of any kind, declare all Obligations to be immediately due and payable and same shall become immediately due and

payable upon such declaration. As to any Collateral, Secured Party shall have the rights and remedies of a secured party under the Uniform Commercial Code. If Secured Party should be required by law to give any notice to Debtor of the sale or other disposition of any Collateral, Debtor agrees that notice mailed postage prepaid to Debtor's address as shown on the Secured Party's records at least ten (10) days before the sale or other disposition shall be reasonable. Debtor further agrees, at Secured Party's request, to assemble the Collateral and make it available to Secured Party at a place(s) which Secured Party shall reasonably select and which is (are) reasonably convenient to both Debtor and Secured Party. The sale or other disposition of any Collateral by the Secured Party may be for cash or on credit or for future delivery, without assumption of credit risk. Nothing contained herein shall be interpreted or construed so as to require Secured Party to realize upon the Collateral prior to attempting to collect any of the Obligations, and Secured Party may exercise all of its various rights and remedies in such order and manner as Secured Party, in its discretion, shall deem advisable.

- (c) The Debtor hereby irrevocably appoints the Secured Party as the Debtor's true and lawful attorney and agent (either in the name of the Debtor or the Secured Party), with full power of substitution, upon the occurrence and during the continuance of any default under this Agreement, to execute and deliver, on behalf of and in the name of the Debtor, any assignments or other transfers of any of the Collateral (including without limitation any trademarks, or patents, and/or the good will associated therewith). This power of attorney shall be deemed coupled with an interest and shall be irrevocable until the Obligations have been fully satisfied. The Secured Party may appoint such persons, firms or corporations as it may deem appropriate for the purposes of exercising any such power.
- (d) In addition to any other remedies of Secured Party hereunder or under applicable law, Secured Party may, upon a default by Debtor hereunder, immediately terminate either or both of the two License Agreements being entered into between Debtor and Secured Party of even date herewith by notice of such termination sent to Debtor.

5. MISCELLANEOUS

- (a) Debtor shall pay all costs and expenses (including reasonable attorney's fees) incurred by Secured Party in enforcing, collecting or realizing upon any of the Obligations or the Collateral or in safeguarding the Collateral.
- (b) **Debtor acknowledges that the transactions of which the Obligations are a part are commercial transactions.**

- (c) This Agreement shall be governed by the laws of Wisconsin, without regard to principles of conflicts of laws thereunder. This Agreement shall be binding upon and be for the benefit of the Debtor and Secured Party and their respective successors, assigns, heirs and representatives. This Agreement may only be waived or modified by a writing signed by the party against whom enforcement of such modification or waiver is sought. No delay or omission in exercising any right or remedy of Secured Party shall operate as a waiver of such right or remedy. As used herein, the singular number shall include the plural and the neuter gender shall include the masculine or feminine, and vice-versa, as the context so requires.

Dated: June 30, 1998

Debtor:

AUTOMATION ELECTRONICS, INC.

By: Robert Anderson
Name: ROBERT ANDERSON
Title: PRESIDENT

Accepted and Agreed to:

Secured Party:

MEMRY CORPORATION

By: _____
Name:
Title:
57 Commerce Drive
Brookfield, CT 06804

Dated: June 30, 1998

Debtor:

AUTOMATION ELECTRONICS, INC.

By: _____

Name:

Title:

Accepted and Agreed to:

Secured Party:

MEMRY CORPORATION

By: James G. Birch

Name: JAMES G. BIRCH

Title: PRESIDENT

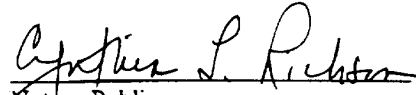
57 Commerce Drive

Brookfield, CT 06804

State of Wisconsin)
) ss.
County of Dane)

On this 30 day of June, 1998, before me, Cynthia L. Richson,
personally appeared Robert Anderson, _____ of
Automation Electronics, Inc., personally known to me (or proved to me on the basis of
satisfactory evidence) to be the person whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his authorized capacity, and that by his
signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

Witness my hand and official seal.



Notary Public

My commission in permanent.

Annex I

Financing Statements and Related Filings

UCC-1 (Wisconsin Secretary of State, now known as the Wisconsin Department of Financial Institutions)

Patent and Trademark Filings with the United States Patent and Trademark Office

This UCC-1 FINANCING STATEMENT is presented for filing pursuant to the Wisconsin Uniform Commercial Code.

8. Office use only, (Initial Filing - Date, Time, Number, etc.)

1. Debtor (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial
Automation Electronics, Inc.

1A. Mailing Address
106 East Doty Street

1B. City, State, Zip Code Madison WI 53703 1C. Social Security or Federal Tax ID No.

2. Additional Debtor (if Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

2A. Mailing Address

2B. City, State, Zip Code 2C. Social Security or Federal Tax ID No.

3. Additional Debtor (if Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

3A. Mailing Address

3B. City, State, Zip Code 3C. Social Security or Federal Tax ID No.

4. Secured Party

Name Mery Corporation
Mailing Address 57 Commerce Drive
City, State Zip Code Brookfield, Connecticut 06804

5. File With Secretary of State Reg of Deeds _____ County

6. No. of Additional Sheets Presented: 1 Attaching additional pages requires non-standard fee.

9. SUBMITTER ACCOUNT NUMBER
(For use only with Secretary of State - insert assigned number, if any)

10. Assignee Of Secured Party (if any)
Name
Mailing Address
City
State Zip Code

7. This Financing Statement covers the following types (or items) of collateral and (7A) if the collateral is crops, the land on which the crops are growing or to be grown. 7B. Proceeds of collateral are covered unless checked . 7C. Products of collateral are covered unless checked. . 7D. If checked here the term "Debtor" refers to a "Lessee", the term "Secured Party" refers to a "Lessor" and this filing is made only for informational purposes to provide notice of a personal property lease of the following.
See Exhibit A attached hereto

11. Continuing Business Relationship' under S. 409.404(1)(C) Wis. Stats. exists if checked

12. Automation Electronics, Inc.
NAME OF DEBTOR (IF ENTITY)

BY: _____
SIGNATURE - TITLE

Automation Electronics, Inc.
SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

13. _____
SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS AGENT - TITLE
(Signature of Secured Party if required)

Signature of Secured Party permitted in lieu of Debtor's signature when:
(1) Collateral is subject to a security interest in another jurisdiction, and
 Collateral is brought into this state.
 Debtor's location was changed to this state.
(2) For other situations see s. 409.402(2), Wis. Stats.

14. RETURN COPIES TO:

Name Lynn A. Forbes
Address Finn Dixon & Herling LLP
City, State One Landmark Square
And Zip Code Suite 1400
Stamford, Connecticut
06901

15. Lynn A. Forbes
CONTACT PERSON
(203) 325-5020
PHONE NUMBER

TRADEMARK

REEL: 1755 FRAME: 0459
FILING OFFICER COPY

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3. Additional Debtor (if Any) (Legal Name Of Entity Or Last Name If An Individual) First Name Middle Initial

3A. Mailing Address

3B. City, State, Zip Code 3C. Social Security or Federal Tax ID No.

4. Secured Party

Name Memry Corporation
Mailing Address 57 Commerce Drive
City, State Zip Code Brookfield, Connecticut 06804

5. File With Secretary of State Reg of Deeds _____ County

6. No. of Additional Sheets Presented: 1. Attaching additional pages requires non-standard fee.

7. This Financing Statement covers the following types (or items) of Collateral and (7A) if the collateral is crops, the land on which the crops are growing or to be grown.

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See Exhibit A attached hereto

9. SUBMITTER ACCOUNT NUMBER
(For use only with Secretary of State - insert assigned number if any)

10. Assignee Of Secured Party (if any)

Name
Mailing Address
City
State Zip Code

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SIGNATURE - TITLE

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NAME OF DEBTOR (IF ENTITY)

13. SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS AGENT - TITLE
(Signature of Secured Party if required)

BY: SIGNATURE - TITLE

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SIGNATURE OF INDIVIDUAL DEBTOR

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SIGNATURE - TITLE

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SIGNATURE OF INDIVIDUAL DEBTOR

SIGNATURE OF INDIVIDUAL DEBTOR

13 _____
SIGNATURE OF SECURED PARTY OR ASSIGNEE OR ITS AGENT - TITLE
(Signature of Secured Party if required)

TERMINATION STATEMENT
This statement of termination of financing is presented to a filing officer for filing pursuant to the Uniform Commercial Code. The Secured Party certifies that the Secured Party no longer claims a security interest under the financing statement bearing the file number shown above and requests the filing officer to terminate its interest of record.

TYPE/PRINT NAME OF SECURED PARTY OF RECORD

SIGNATURE OF SECURED PARTY OF RECORD OR ITS AGENT
NOT VALID UNTIL SIGNED

DATED: _____ 19 ____

15 Lynn A. Forbes
CONTACT PERSON
(203) 325-5020
PHONE NUMBER

14. RETURN COPIES TO:
Name Lynn A. Forbes
Address Finn Dixon & Herling LLP
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TRADEMARK

REEL: 1755 FRAME: 0462

FILING OFFICER COPY (ACKNOWLEDGEMENT AND TERMINATION)

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10. Assignee Of Secured Party (if any)
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Mailing Address
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NOT VALID UNTIL SIGNED

DATED: _____ 19__

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06901

EXHIBIT A

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- (a) All finished goods and other inventory and equipment sold by the Secured Party to the Debtor pursuant to that certain Asset Purchase Agreement, dated as of June 30, 1998, between Secured Party and Debtor (the "Asset Purchase Agreement");
- (b) Patent Number Des. 313,761 and Trademark Reg. No. 2,122,691, the right to file and prosecute applications for such patent and trademark, and the good will of the Debtor connected with the use of and/or symbolized by such patent and/or trademark or otherwise associated therewith; and
- (c) All products and proceeds, including without limitation the proceeds of insurance, of any and all of the above Collateral.

All terms used above to describe the Collateral and which are defined in the Wisconsin Uniform Commercial Code (the "Code") have the respective meanings given them in the Code.

Annex II

FIDELITY GUARANTY

THIS FIDELITY GUARANTY is made and entered into this 30th day of June, 1998, between ROBERT ANDERSON, with an address at 4235 Sprecher Road, Madison, Wisconsin 53704 (the "Fidelity Guarantor"), and MEMRY CORPORATION, with an address at 57 Commerce Drive, Brookfield, Connecticut 06804 (the "Lender").

WITNESSETH:

WHEREAS, Lender has agreed to transfer assets (the "Assets") to Automation Electronics, Inc. (the "Borrower") pursuant to an Asset Purchase Agreement of even date herewith in consideration of, inter alia, a \$325,000 Commercial Term Promissory Note (the "Note"); and

WHEREAS, Lender has agreed to accept the Note from the Borrower on the condition, among others, that the Fidelity Guarantor execute and deliver this Agreement.

NOW THEREFORE, to induce the Lender to sell the Assets to the Borrower and for other good and valuable consideration, the Fidelity Guarantor does hereby covenant and agree with Lender as follows:

1. MAKING AND NOTICE OF PREPAYMENTS. (a) The Fidelity Guarantor hereby agrees that so long as the Fidelity Guarantor remains in the employ of the Borrower the Fidelity Guarantor shall use reasonable efforts to: (i) cause all mandatory prepayments required by the terms of the Note to be turned over to the Lender in a timely manner; and (ii) cause the Borrower to separate the amount of any mandatory prepayment from funds received by Borrower giving rise to the mandatory prepayment as and when the same are received and refrain from using any of the proceeds that should be so separated for any other purpose or commingle the same with any other funds.

(b) In the event that the Borrower fails to make any mandatory prepayment under the Note by the due date therefor in accordance with the terms of the Note, the Fidelity Guarantor shall, by facsimile (with a copy sent by a reputable national overnight delivery service) sent not later than the close of business on the first business day after the due date therefor, notify the Lender of such default and the amount thereof.

2. INDEMNIFICATION. The Fidelity Guarantor shall indemnify and hold the Lender harmless against any and all liabilities, claims, actions, causes of action, damages, losses, judgments, costs and expenses, including but not limited to reasonable attorneys' fees,

which Lender may suffer as a result of any breach of any representation, warranty, certification or covenant herein.

3. UNCONDITIONAL NATURE. The obligations of the Fidelity Guarantor under this Agreement shall not be affected, modified or impaired upon the happening from time to time of any event whatsoever, whether or not with notice to, or consent of, the Fidelity Guarantor.

4. MISCELLANEOUS. (a) This Agreement shall be governed by, and construed in accordance with, the law of the State of Wisconsin (but not its conflicts of law provisions).

(b) This Agreement shall be terminated and shall be void and of no further effect upon the earlier of the following:

(i) full and final payment and performance of all of Borrower's obligations under the Note; or

(ii) the date of termination of the employment of the Fidelity Guarantor with Borrower, except that with respect to events requiring mandatory prepayment prior to such date, this Agreement shall survive for a period of sixty (60) days after such date.

IN WITNESS WHEREOF, the parties hereto have hereunto signed their names this 30th day of June, 1998.

Robert Anderson

MEMRY CORPORATION

By: _____
Name:
Title: