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07-27-1998

FORM PTO-1594

U.S. Patent & TMO/TM Mail Rcpt. Dt #34



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

07-10-1998

100775879

Patentable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

MRD 7-8-98

1. Name of conveying party(ies):

Steritech, Inc.

- Individual(s)                     Association
  - General Partnership             Limited Partnership
  - Corporation - State of Delaware
  - Other \_\_\_\_\_
- Additional name(s) of conveying party(ies) attached?  
 Yes  No

2. Name and address of receiving party(ies):

Name: PWT Partners, L.P.

Internal Address: \_\_\_\_\_

Street Address: 274 Riverside Avenue

City: Wesport                    State: Connecticut

ZIP: 06880                    Country: USA

3. Nature of conveyance:

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

Execution Date: June 18, 1998

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership of Delaware \_\_\_\_\_
- Corporate - State \_\_\_\_\_
- Other \_\_\_\_\_

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

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

4. Application number(s) or registration number(s)

If this document is being filed together with a new application, the execution date of the application is:

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,502,095

1,629,963

Additional numbers attached?  Yes  No

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

Name: Bradford Breen

Internal Address: Orrick, Herrington & Sutcliffe LLP

Street Address: 666 Fifth Avenue

City: New York State: New York ZIP: 10103

6. Total number of applications and registrations involved  
[2]

7. Total fee (37 CFR 3.41)... \$ 65.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: 15-0665  
(Attach duplicate copy of this page if paying by deposit account)

07/24/1998 TSHABAZZ 00000032 1502095

DO NOT USE THIS SPACE

01 FC:481                    40.00 OP  
02 FC:482                    25.00 OP

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.

Bradford Breen  
Name of Person Signing

Signature

Date

July 7, 1998

Total number of pages including cover sheet, attachments, and document: [ 13 ]

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

TRADEMARK  
REEL: 1758 FRAME: 0725

[EXECUTION COPY]

**SECURITY AGREEMENT**

This Security Agreement (this "Agreement") is made and entered into, as of June 18, 1998, by and between Sterltech, Inc., a Delaware corporation, (the "Company") and PWT Partners, L.P., a Delaware limited partnership (the "Secured Party").

**I. DEFINITIONS.**

A. **Defined Terms.** As used in this Agreement, the following terms shall have the following meanings:

"Collateral" shall mean the Purchased Intangible Assets (as defined in the Purchase Agreement) and all Proceeds.

"Obligations" shall mean any and all liabilities and obligations of the Company to the Secured Party of every kind arising under this Agreement and the \$6,475,000 Senior Secured Promissory Note of even date herewith (the "Note") delivered by the Company to the Secured Party in connection herewith, together with any future loans or advances by the Secured Party and amendment or refinancing thereof.

"Proceeds" shall mean all "proceeds", as such term is defined in the Code and, in any event, shall mean and include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Secured Party from time to time with respect to any of the Collateral or the Subordinate Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Secured Party from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral or the Subordinate Collateral by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral or the Subordinate Collateral.

"Purchase Agreement" shall mean the Asset Purchase Agreement dated as of the date hereof among the Company, the Secured Party and PWT Operations, Inc., a Delaware corporation.

"Subordinate Collateral" shall mean the Purchased Tangible Assets (as defined in the Purchase Agreement) and all Proceeds.

B. **Other Defined Terms.** Terms not defined herein shall have their respective meanings set forth in the applicable Uniform Commercial Code (the "Code").

**II. SECURITY INTEREST.**

A. **Grant of Security Interest.** As security for the payment and performance of the Obligations, the Company hereby grants to the Secured Party a continuing security interest in, and a continuing lien upon, the Collateral and the Subordinate Collateral.

**B. Priority of Lien.**

1. The Company agrees that the security interest in the Collateral granted hereunder to the Secured Party shall be a lien prior to all other interests in the Collateral, except for liens for current taxes not yet due and minor imperfections of title, if any, not material in amount and not materially detracting from the value or impairing the use of the property subject thereto (collectively, "Permitted Liens").

2. The Company agrees that the security interest in the Subordinate Collateral granted hereunder to the Secured Party shall be a lien prior to all other interests in the Subordinate Collateral, except for (i) Permitted Liens and; (ii) the security interest granted to the Senior Lender (as defined in the Purchase Agreement) (the "Senior Lender's Lien").

**III. COVENANTS OF THE COMPANY.**

A. Payment or Performance. The Company shall pay, perform or otherwise satisfy the Obligations, when the same shall become due, at term or otherwise.

B. Maintenance of Collateral. The Company shall continually take such steps as are necessary and prudent to protect the security interest of the Secured Party in the Collateral and the Subordinate Collateral.

C. UCC Filings. The Company shall provide the Secured Party in a timely manner with all necessary UCC and other financing statements and instruments in order for the Secured Party to perfect fully such security interest granted to Secured Party hereunder.

D. Notification. The Company shall provide the Secured Party not less than 10 days prior written notice of any proposed relocation of the Collateral or the Subordinate Collateral and any other action requiring any additional or amended UCC or other filings or recordations required in order to maintain the validity of the security interest granted to the Secured Party hereunder.

**IV. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.**

The Company represents and warrants to the Secured Party, and shall be deemed to continually do so, as long as this Agreement shall remain in force, that:

A. The Company is the owner of the Collateral and the Subordinate Collateral with good and marketable title thereto, free and clear of all encumbrances and adverse claims, other than the Permitted Liens and the Senior Lender's Lien.

B. The Company is authorized to enter into this Agreement and to perform its obligations hereunder, and has taken all necessary corporate actions in respect thereto.

C. This Agreement is a valid, binding and enforceable obligation of the Company and does not violate the material terms of any other agreement to which the Company is a party.

D. All statements and instruments required to be provided to the Secured Party for filing and recordation pursuant to Sections IIIC and IIID have and shall be provided to the Secured Party and are and shall be true and correct.

V. RIGHTS OF THE SECURED PARTY.

A. All Rights Subordinated to Secured Party. The rights of the Secured Party shall at all times be those of a secured party under the applicable Uniform Commercial Code. Anything herein to the contrary notwithstanding, the rights of the Secured Party shall at all times be subject in all respects to the prior rights of the holders of Permitted Liens, and, with respect to the Subordinate Collateral, to the prior rights of the holders of Permitted Liens and the Senior Lender's Lien.

B. Rights Upon Default. Upon the occurrence or continuance of any Event of Default (as defined in the Note), the Secured Party may declare any or all of the Obligations to be immediately due and payable, without presentment, protest, or prior notice of any kind all of which are expressly waived. Subject to Section 9.3(b) of the Purchase Agreement, upon the occurrence of an Event of Default, the Company further authorizes the Secured Party and does hereby irrevocably make, constitute and appoint the Secured Party and any officer or agent thereof, with full power of substitution, as the Company's true and lawful attorneys-in-fact with full power, in its own name or in the name of the Company: (a) to endorse any notes, checks, drafts, money orders or other instruments of payment (including payments payable under or with respect to any policy of insurance) relating to the Collateral and/or the Subordinate Collateral or in connection therewith, and to sign and endorse any invoices, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral and/or the Subordinate Collateral; (b) to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral and/or the Subordinate Collateral; (c) to receive payment of, receipt for, settle or compromise and give discharges and releases for or in respect of any and all monies, claims or other amounts due and to become due at any time under or arising out of the Collateral and/or the Subordinate Collateral; (d) to defend any suit, action or proceeding brought against the Company with respect to any Collateral and/or the Subordinate Collateral; (e) to settle or compromise any suit, action or proceeding described above and in connection therewith to give such discharges or releases as the Secured Party may deem appropriate; and (f) generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral and/or the Subordinate Collateral as fully and completely as though they were the absolute owner thereof for all purposes; provided, however, that the Secured Party hereby covenants and agrees that it shall not take any of the preceding actions in connection with the Subordinate Collateral until such time as the Secured Party has determined in good faith that the proceeds to be realized upon the sale of the Collateral will not be sufficient to satisfy the Obligations in whole.

C. Realization Upon the Collateral and the Subordinate Collateral. In the event the Secured Party determines that the Collateral and/or the Subordinate Collateral should be sold to satisfy all or any part of the Obligations, it may dispose of the Collateral and/or the Subordinate Collateral in whole or in part at public or private sale, in accordance with applicable provisions of the applicable Uniform Commercial Code, and any notice required to be given shall be given at

least ten (10) days before the proposed sale, which the parties hereto agree shall be a reasonable notice period.

D. Pro Rata Application of Collateral Proceeds. All proceeds received pursuant to the exercise of the rights granted to the Secured Party by this Agreement first shall be applied to reimburse any and all costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the Secured Party in the collection of the Collateral and/or the Subordinate Collateral, and thereafter shall be paid to the Secured Party as the amounts then due under the Note. Any such proceeds remaining following payment of any such costs and expenses and payment in full shall be returned to the Company.

E. Expense of Collection and Sale. The Company agrees to pay all costs and expenses incurred by the Secured Party in transferring and collecting the Collateral and/or the Subordinate Collateral, including, without limitation, reasonable attorneys' fees.

F. Financing Statements. The Secured Party is authorized to file financing statements and to file and record any other instruments relating to the security interest of the Secured Party in the Collateral and the Subordinate Collateral without the Company's signature thereon and at the expense of the Company, and to act as attorney-in-fact to sign the Company's name to and file and record such additional or continuation financing statements and other instruments as shall be necessary to maintain the priority of the security interest granted hereby. The Company will, however, at the request of the Secured Party, sign any amendments, releases, or assignments of any financing statements and instruments relating to the Collateral and/or the Subordinate Collateral. Upon the Company's failure to do so, the Secured Party is authorized as the Company's agent to execute any such modifications to any financing statement or instrument. The Secured Party hereby agrees that it shall promptly execute and deliver to the Company a release of its rights under the Agreement at such time as the Company shall have fulfilled all of its repayment obligations under the Notes.

## VI. GENERAL PROVISIONS.

A. Waivers. The Company expressly waives notice of non-payment, presentment and protest in relation to the Obligations, the Collateral or the Subordinate Collateral. No delay or omission of the Secured Party in exercising or enforcing any of its rights, powers, privileges, options or remedies under this Agreement, the Purchase Agreement or the Note shall constitute a waiver thereof, and no waiver by the Secured Party of any default by the Company shall operate as a waiver of any other default. This Agreement, together with the Note and the Purchase Agreement, constitutes the entire understanding between the Company and the Secured Party with respect to the subject matter hereof and supersedes all prior written or oral communications or understandings. No term or provision of this Agreement shall be cumulative and not alternative or exclusive, may be exercised by the Secured Party at such time or times and in such order as the Secured Party, in its sole discretion, may determine, and are for the sole benefit of the Secured Party. The exercise or failure to exercise such rights or remedies shall not result in liability to the Company or others.

B. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their successors and assigns.

C. Governing Law. The Company agrees that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Connecticut, without giving effect to its conflict of laws provisions.

D. Notices. All notices and other communications pursuant to this Agreement shall be in writing and deemed to be sufficient if contained in a written instrument and shall be deemed given if delivered personally, telecopied (and in either case with written acknowledgment of receipt hereof), sent by nationally-recognized overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the addresses set forth below:

To Secured Party: PWT Partners, L.P.  
274 Riverside Avenue  
Wesport, Connecticut 06880  
Attention: Stephen T. Rossetter  
Telecopier: (203) 222-3033

with a copy to: Orrick, Herrington & Sutcliffe, LLP  
666 Fifth Avenue  
New York, New York 10103  
Attention: Martin H. Levenglick, Esq.  
Telecopier: (212) 506-5151

or to such other address as the party to whom notice is to be given may have furnished to the other parties hereto in writing in accordance herewith. Any such notice or communication shall be deemed to have been received (A) in the case of personal delivery or delivery by telecopier, on the date of written acknowledgment of receipt of such delivery, (B) in the case of nationally-recognized overnight courier, or the next business day after the date when sent and (C) in the case of mailing, on the fifth business day following that on which the piece of mail containing such communication is posted.

E. Severability. If any provision of this Agreement shall be or become illegal or unenforceable in whole or in part for any reason whatsoever, the remaining provisions shall nevertheless be deemed valid, binding and subsisting.

F. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. The execution of this Agreement may be evidenced by facsimile transmission of signatures, in which case the parties agree to send the originally-executed copies of this Agreement promptly thereafter and in any case not later than five days thereafter.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

COMPANY:

STERLITECH, INC.  
a Delaware corporation

By: *James E. Linnell*  
Name: JAMES E. LINNELL  
Title: PRESIDENT

Address: 266 BROOKSIDE RD.  
WATERBURY, CT 06708

SECURED PARTY:

PWT PARTNERS, L.P.  
By PWT Associates, Inc.

By: *Stephen T. Rowetter*  
Name: Stephen T. Rowetter  
Title: Vice President

Schedule 1.1B

Purchased Intangible Assets

All rights in, to and under the (i) patents, patent applications, trade names, service marks, trademarks, and trademark applications set forth on Exhibit J hereto, (ii) know-how related to Lifeflo models 201,203 and “countertop” and (iii) following contracts and licenses:

(a) Amended and Restated License Agreement, dated as of February 28, 1988 between PWTP and E.P.C.O.



PWT Partners, L.P.		Updated: May 4, 1998 <small>PAMMCK-PWT/LELST/CLT</small>
McAulay Fisher, et al. File Reference	COUNTRY Pat. No.	STATUS
GK-PWT-113	Norway (Pat. No. 173.272)	Annuity due: April 21, 1999
GK-PWT-114	Portuguese (Pat No. 84 827)	Annuity due: June 29, 1999
GK-PWT-115EP	Austria (Pat No 0 267 261) (L116552)	Annuity due: April 30, 1999
GK-PWT-115EP	Belgium (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	France (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Germany (Pat No 3750950.0-08)	Annuity due: April 30, 1999
GK-PWT-115EP	Italy (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Luxembourg (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Netherlands (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Sweden (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Switzerland (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-115EP	Great Britain (Pat No 0 267 261)	Annuity due: April 30, 1999
GK-PWT-116	Chile (Pat App 289/87)	ABANDONED
GK-PWT-117	Brazil (Pat Appl No. 8707299)	Assignment to PWT pending; Annuity due: April 21, 1999
GK-PWT-118	Venezuela (Pat. No. 50.290)	Assignment to PWT pending; Annuity due: May 7, 1999
GK-PWT-119	Singapore (Pat. No. 9692158-0)	Restoration of patent is pending; Annuity due: April 30, 1999

## PWT Partners, L.P.

Updated: May 4, 1998

PMM/MK-PWT/VIL/SL/CLT

McAulay Fisher, et al. File Reference	COUNTRY Pat. No.	STATUS
GK-PWT-120	OAPI - South Africa (Pat. No. 8594)	Assignment to PWT pending; Annuity due: May 8, 1999
GK-PWT-121	Taiwan (Pat No. 42981)	Assignment to PWT pending; Annuity due: August 20, 1998
GK-PWT-122	Israel (Pat No 82292)	Annuity due: April 22, 2001
GK-PWT-123	Kuwait (Appln No 29 PA/87)	Assignment to PWT pending; Application pending.
GK-PWT-124	New Zealand (Pat No 220069)	Annuity due November 23, 1999
GK-PWT-125	Australia (Pat No. 601,743)	Annuity due: April 21, 1999
GK-PWT-126	China (Pat No 87103349)	Annuity due: May 7, 1999
GK-PWT-127	Canada (Pat No 1,293,847)	Annuity due: January 7, 1999
GK-PWT-128	Columbia (Pat No. 269,839)	ABANDONED
GK-PWT-129	Egypt (Pat App No. 259/87)	ABANDONED
GK-PWT-130	Japan (Sho-62-503001)	Application pending
GK-PWT-131	India (Pat No 168752)	Annuity due: May 7, 1998
GK-PWT-132	Ireland (Pat No 68961)	Annuity due: May 11, 1999
GK-PWT-133	Greece (Pat No. 871872)	Annuity due: December 10, 1998
GK-PWT-134	South Korea (Pat No 046845)	Assignment to PWT pending; Annuity due: July 24, 1998

PWT Partners, L.P.

Updated: May 4, 1998

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McAulay Fisher, et al. File Reference	COUNTRY Pat. No.	STATUS
GK-PWT-135	Mexico (Pat. No 167742)	Assignment to PWT pending; Annuity due: May 28, 2000
GK-PWT-136	Pakistan (Pat. No 130793)	Annuity due: May 3, 1999
GK-PWT-137	Spain (Appl No 8800855)	ABANDONED
GK-PWT-138	Philippines (Appln No. 35882)	Patent application pending; Assignment to PWT pending.
GK-PWT-139	Nigeria (Pat. No. 135/86)	Annuity due: May 6, 1999
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PWT Partners, L.P.

Updated: May 4, 1998  
PMDMAGK-PWT/PLI/ST.USA

**UNITED STATES CASES**

<b>McAulay Fisher, et al. Reference</b>	<b>Appl. No/ Patent No.</b>	<b>Title</b>	<b>STATUS/TO DO</b>
GK-PWT-153	4,769,131	Fluid Purification System	Maintenance fee due: March 6, 2000
GK-PWT-154	4,968,437	Fluid Purification System	Maintenance fee due: May 6, 2002
GK-PWT-155	5,004,541	Fluid Purification System	Maintenance fee due: October 2, 2002
GK-PWT-157	Des. 324,721	Water Purifier	*
GK-PWT-164	5,102,542	Construction of Canister-Type Filters	Second Maintenance fee due: November 7, 1999
GK-PWT-165	5,069,782	Fluid Purification Systems	Maintenance fee due: June 3, 1999
GK-PWT-173	Des. 314,607	Water Purifier	*

\* No renewal necessary for Design Patents

PWT Partners, L.P.

Updated: May 4, 1998: PWT PARTNERS, L.P. TRADEMARK LIST

**TRADEMARK CASES**

<b>McAulay Fisher, et al. Reference No.</b>	<b>Country Patent No. Registration No.</b>	<b>Title</b>	<b>Status</b>
GK-PWT-158	United States TM Reg No 1,502,095	Life Flo	Renewal due: February 28, 2008
GK-PWT-159	United States TM Reg No 1,629,963	Double Pass	Renewal due: July 1, 2000
GK-PWT-160	UK Reg. No 1,379,162	Life Flo	Renewal due: April 4, 2006
GK-PWT-630	Turkey TM Reg. No. 159,566	Life Flo	Renewal due: December 1, 2004
GK-PWT-630	Canada TM Reg. No 376,475	Life Flo	Renewal due: May 30, 2005
GK-PWT-631	Turkey TM Reg. No. 159,179	Double Pass	Renewal due: August 17, 2004
GK-PWT-631	Canada TM Reg. No. 376,141	Double Pass	Renewal due: May 23, 2005