

10-13-1998

COVER SHEET ONLY

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To the Honorable Commissioner

the attached original documents or copy thereof.

100795266

1. Name of conveying party(ies):

Crysteco, Inc., an Ohio corporation  
Crysteco Epitaxial Corporation,  
a Texas corporation

- Individual(s)
- General Partnership
- Corporation-State
- Other MRD 1-9-98
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Amended and Restated Security Agreement
- Merger
- Change of Name

Execution Date: December 30, 1997

2. Name and address of receiving party(ies)

Name: NBD Bank

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

Street Address: 701 First National Building

City: Detroit State: MI ZIP: 48226

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation-State \_\_\_\_\_
- Other a Michigan banking corporation

If assignee is not domiciled in the United States, a domestic representative designation 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)

75/351614  
75/351787

B. Trademark Registration No.(s)

1,111,158  
935,543

Additional numbers attached?  Yes  No

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

Name: Honigman Miller Schwartz and Cohn

Internal Address: Gayle C. Aiken

Street Address: 2290 First National Building

City: Detroit State: MI ZIP: 48226

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41).....\$ 235.00  
(Plus Expedited Ser. 120.00)

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

115 E  
120 E

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

DO NOT USE THIS SPACE

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.

Gayle C. Aiken

Name of Person Signing

Gayle Aiken  
Signature

1/9/98  
Date

20

Total number of pages including cover sheet, attachments, and duplicate copies of this page

[EXECUTION COPY]

**AMENDED AND RESTATED SECURITY AGREEMENT**

This Amended and Restated Security Agreement (this "Agreement"), dated as of December 30, 1997, is made by Crysteco, Inc., an Ohio corporation ("Crysteco"), and Crysteco Epitaxial Corporation, a Texas corporation (collectively, the "Debtors" and individually a "Debtor"), in favor of NBD Bank (the "Agent"), individually and as Agent for itself and the Banks who are parties from time to time to the Loan Agreement described below (collectively, the "Secured Parties").

Recitals

A. Crysteco and NBD Bank entered into a Secured Credit Agreement (Accounts Receivable and Inventory) dated April 11, 1995, as amended by Amendment No. 1 to Secured Credit Agreement dated November 30, 1995, Amendment No. 2 to Secured Credit Agreement dated August 19, 1996 and letter amendments dated February 28, 1997 and August 5, 1997 (as amended, the "Prior Loan Agreement"), pursuant to which Crysteco obtained credit facilities from NBD Bank. To secure the obligations under the Prior Loan Agreement, and in addition to the grant of security to NBD Bank under the Prior Loan Agreement, Crysteco, Inc. and NBD Bank entered into an Equipment and Fixtures Security Agreement dated April 11, 1995 and the Debtors and NBD entered into a Security Agreement dated as of October 21, 1997 (collectively, the "Prior Security Agreements").

B. Debtors and Agent have agreed to amend and restate the Prior Loan Agreement in accordance with the terms of the Amended and Restated Loan Agreement dated as of December 30, 1997 (such loan agreement as amended, modified, supplemented or restated from time to time, is referred to herein collectively as the "Loan Agreement").

C. It is a condition precedent to the obligations of the Secured Parties to extend credit to Debtors under the Loan Agreement that Debtors and the Agent shall have amended and restated the Prior Security Agreements and the grants of security under the Prior Loan Agreement pursuant to the terms hereof.

THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtors hereby agree with the Agent that the Prior Security Agreement and the grant of security under the Prior Loan Agreement shall be amended and restated in their entirety as follows:

1. Benefit of Agreement. This Agreement is for the benefit of the Agent (including individually) and the Secured Parties. This Agreement shall be deemed one of the Security Documents under the Loan Agreement.

2. Defined Terms. In addition to those terms defined elsewhere in this Agreement, terms defined in the Loan Agreement shall have their defined meanings when used herein (unless otherwise defined herein) and the following terms shall have the following meanings, unless the context otherwise requires:

"Accounts" shall mean any "account" as such term is defined in the Code, now or hereafter owned by one or more of the Debtors, and shall also mean and include (i) all accounts receivable, contract rights, book debts, notes, drafts, instruments, documents, acceptances, payments under leases and other forms of obligations, now owned or hereafter received or acquired by or belonging or owing to either Debtor (including under any trade names, styles or divisions thereof) whether arising out of goods sold or leased or services rendered by either of them or from any other transaction, whether or not the same involves the sale of goods or services by either Debtor (including, without limitation, any such obligation which might be characterized as an account, contract right, general intangible or chattel paper under the Uniform Commercial Code in effect in any jurisdiction); (ii) all of each Debtor's rights in, to and under all purchase orders now owned or hereafter received or acquired by either of them for goods or services, and all of each Debtor's rights to any goods represented by any of the foregoing (including returned or repossessed goods and unpaid sellers' rights of rescission, replevin, reclamation and stopping in transit); and (iii) all monies due to or to become due to either Debtor under all contracts for the sale or lease of goods or the performance of services by either Debtor (whether or not yet earned by performance on the part of either Debtor) now in existence or hereafter arising, including, without limitation, the right to receive the proceeds of such purchase orders and contracts and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing;

"Assignments" shall mean any sale, assignment, or transfer of accounts or chattel paper as part of a sale of the business out of which they arose, or which is for the purpose of collection only, or under a contract to any assignee, including either of the Debtors, who is also to do the performance under the contract, or of a single account to an assignee in whole or partial satisfaction of a preexisting indebtedness, any assignment of rents, real estate leases or leasehold interests, including any right to payment or collection of said payments, any assignment for the benefit of creditors, including any voluntary assignment, any assignment of income, and any assignment *pro tanto*. Assignments include any beneficial interest under any lease including any sub-lease or rental of any property.

"Chattel Paper" shall mean all "chattel paper" as such term is defined in the Code.

"Claims" shall mean any cause of action, demand for money or property as of right, any interest or remedy recognized in law or equity that creates a right in either of the Debtors to the interest or remedy or its proceeds, whether or not such right is liquidated or unliquidated, matured or contingent, vested or terminable, disputed or undisputed, legal or equitable, secured or unsecured, or any right to any remedy, legal or equitable, which gives rise to a right of payment whether such right or remedy is created by a breach of or under any contract, performance, or obligation. Claims include, but are not limited to, any transfer of a claim to either of the Debtors

for owed but unpaid wages, salary, or other compensation of an employee of either of the Debtors, including any officer of either of the Debtors, any transfer of an interest in or claim in or under any insurance policy, including but not limited to any entitlement or rights in or to proceeds, any whole or partial tort claim, including but not limited to, any cause of action arising out of any products liability occurrence or environmental liability, although such cause of action shall not be deemed to make the Agent an owner or operator of either Debtor's real property, nor shall Agent and/or the Secured Parties assume any liability or obligation with respect thereto. Claims also include any claim of either Debtor against any employee, officer, or director of either Debtor for damages, liability, or malfeasance, including any claims for fraud, misuse of corporate funds, theft, or embezzlement, or any claim for *ultra vires* acts, including any act outside the scope of authority, real or apparent, of any employee, officer, or director (the "Corporate Liability Claims") and any collection or recovery by any party with respect to any Corporate Liability Claims, provided, however, that NBD will not have the right to prosecute any of the Corporate Liability Claims.

"Code" shall mean the Uniform Commercial Code as in effect on the date hereof in the State of Ohio when referring to Collateral located in Ohio or to Collateral the perfection of a security interest in which is determined by a Debtor's chief executive office being in Ohio, and in the State of Texas when referring to Collateral located in Texas or to Collateral the perfection of a security interest in which is determined by a Debtor's chief executive office being in Texas.

"Collateral" shall have the meaning provided in Section 3.

"Contract Rights" shall mean all rights of each Debtor (including, without limitation, all rights to payment) under each Contract.

"Contract(s)" shall mean, collectively, all licensing agreements and any and all other contracts, instruments, undertakings, documents or other agreements in or under which either Debtor may now or hereafter have any right, title or interest and which pertain to the lease, sale or other disposition by either Debtor of any Inventory or Equipment, fixtures, real property or any interest in real property, as any of the same may from time to time be amended, supplemented or otherwise modified.

"Equipment" shall mean any "equipment," as such term is defined in the Code, now or hereafter owned by either Debtor, and shall also mean and include all machinery, equipment, vehicles, furnishings and fixtures (as such term is defined in the Code) now owned or hereafter acquired by either Debtor, including, without limitation, all items of machinery and equipment of any kind, nature and description, whether affixed to real property or not, as well as all additions to, substitutions for, replacements of or accessions to any of the foregoing items and all attachments, components, parts (including spare parts) and accessories whether installed thereon or affixed thereto. Equipment shall not include any fixtures which are subject to any lien granted in connection with any Permitted Real Property Refinancing if in connection with such Permitted Real Property Refinancing the Secured Parties release such liens.

"General Intangibles" shall mean all "general intangibles," as such term is defined in the Code, now or hereafter owned by either Debtor, including, without limitation, all federal and state tax refunds, royalty payments, such as under patent, trademark or other licensing arrangements, proceeds of condemnation, awards, proceeds of judgments and proceeds of fire and other property insurance, such as business interruption insurance, all causes of action (including, without limitation, causes of action and recoveries under 11 U.S.C. §§ 542-550 and 553), all earned and unearned insurance premium refunds, customer lists, rights in intellectual property, goodwill, trade names, service marks, trade secrets, patents, trademarks, copyrights, applications therefor, permits and licenses now owned or hereafter acquired by either Debtor (including, without limitation, those items set forth on Exhibit A hereto), but excluding items described in the definition of "Accounts."

"Instruments" shall mean all "instruments," as such term is defined in the Code.

"Interests" shall mean any right, claim, title, privilege, power, or share, whether legal or equitable, matured or contingent, vested or terminable, future or present, adverse or beneficial, whether identifiable, insurable, pecuniary, possessory, secured or unsecured. Interests include any transfer of an interest in a letter of credit, including but not limited to, the rights to proceeds of a written letter of credit, any transfer of or any interest in any deposit account as defined under the Code, any partnership interest, whether limited or general, equity or non-equity, any interest in real estate, including any time-share or any right of first refusal, any option, or any subordination of a real estate lease. Interests also include, as defined under the Code, any share, obligation of an issuer, any participation or other interest in an issuer or in property of an enterprise or issuer, including any interest or right of purchase in any initial public offering, any private placement, any privileged subscription, any stock rights, or any stock option award or redemption, any adverse claim, any security account, including any account maintained by a broker, securities intermediary, clearing corporation, or bank, any security, whether certificated or uncertificated, in bearer form or made to order, and any security entitlement, entitlement order, security certificate, instruction, or financial asset owned by or in the possession of either Debtor, or held by any broker, securities intermediary, clearing corporation, or bank which follows instructions initiated by or upon the authority of either Debtor.

"Inventory" shall mean any "inventory," as such term is defined in the Code, wherever located, now owned or hereafter acquired by either Debtor or in which either Debtor now has or hereafter may acquire any right, title or interest including, without limitation, all goods and other personal property now or hereafter owned by either Debtor which are leased or are held for sale or lease or are furnished or are to be furnished under a contract of service or which constitute raw materials, work in process or materials used or consumed or to be used or consumed in either Debtor's business, or in the processing, packaging or shipping of the same, and all finished goods.

"Liens" shall mean all claims, encumbrances, or charges on or against property, real or personal, for payment of some debt, obligation, or duty, created by contract or operation of law, whether defined or characterized as a "common-law lien", an "equitable lien", or a "statutory

lien". Liens include, but are not limited to, any landlord's lien, including any right to rental payments, and any lien given or created by statute or other rule of law for services or materials, including any mechanics or construction lien.

"Lockbox Account" shall mean the lockbox(es) to be established by the Debtors or either of them and/or the Agent in accordance with the terms of the Lockbox Agreement and Dominion of Funds Agreement of even date herewith.

"Proceeds" shall have the meaning provided it under the Code and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to either Debtor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to either Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the 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, including without limitation any collections or recoveries by any party with respect to any of the Claims.

"Person" has the same meaning as in the Loan Agreement.

"Requirement of Law" shall mean, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any material law, treaty, rule or regulation or determination of arbitration or a court or other governmental authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Rights" shall mean any power, privilege, license, franchise, demand, immunity, interest, preference, priority, title, or claim, whether absolute or qualified, legal or equitable, *in personam* or *in rem*, perfect or imperfect, primary or secondary, remedial or reparative secondary, vested or terminable, or matured or contingent. Rights also include, but are not limited to, any judgment right, any set-off right from any contract between either Debtor and a third party, any right of action or contribution, any right of entry or possession, any right of property in land, any right of publicity, or any right of redemption.

"Secured Obligations" shall have the meaning provided in Section 3(a).

3. Grant of Security Interest.

(a) General. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all the Obligations, including the NBD Other Obligations, owed by either Debtor to any one or more of the Secured Parties (collectively, with the Obligations, the "Secured Obligations"), and in order to induce the Secured Parties to enter into the Loan Agreement and make loans to Debtors in accordance with the terms thereof, each Debtor hereby grants to the Agent, both individually and

for the benefit of the Secured Parties, a continuing security interest in all of the following property now owned, or at any time hereafter acquired, by either Debtor or in which either Debtor now has or at any time in the future may acquire any right, title or interest (all of which is hereinafter collectively referred to as the "Collateral"):

- (i) all existing and future Contracts;
- (ii) all existing and future Accounts, Chattel Paper, Assignments, Claims, Contract Rights, General Intangibles, Interests, Instruments, Liens and Rights (including, without limitation, (a) all money due and to become due under any Contract, (b) any damages arising out of or for breach or default in respect of any Contract or Account, (c) all other amounts from time to time paid or payable under or in connection with any Contract or Account, and (d) the right of either Debtor to terminate any Contract or to perform or exercise all remedies thereunder);
- (iii) all existing and future Equipment;
- (iv) all existing and future Inventory;
- (v) the Lockbox Account; and
- (vi) to the extent not otherwise included, all spare and repair parts, special tools, equipment and replacements for, all returned or repossessed goods, the sale of which gave rise to, and all Proceeds and products of, any or all of the foregoing

(b) Business Records. In addition to the grant of the security interest under paragraph (a), each Debtor hereby grants to the Agent, for the benefit of the Secured Parties, a lien and first security interest in all of each Debtor's books and records pertaining to the Collateral, including without limitation, all books of accounts, ledgers, computer software (to the extent permitted by applicable software licensing arrangements or by present or future applicable law), computer printouts and other computerized records and cabinets in which there are reflected or maintained the Collateral in which the Agent has a security interest, or which relate to any other Collateral the Agent may hold from either Debtor and all supporting evidence and documents relating to such security in the form of written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes and other evidences of indebtedness, insurance certificates and the like. For convenience, these books, records and documents are called "Business Records." The Business Records, presently included in this Agreement, are described as follows:

accounts receivable subsidiary ledger including unpaid invoice file, cash receipts journal, cash disbursements journal and filing cabinets containing customer orders, correspondence, paid invoice files and any other books and records, filing cabinets, or places of storage of data and information, including all computer storage facilities,

records and software usually located at either Debtor's places of business identified in the Loan Agreement, or elsewhere.

4. Rights of the Agent; Limitations on the Agent's Obligations. It is expressly agreed by each Debtor that, anything herein to the contrary notwithstanding, each Debtor shall remain liable under each of the Accounts and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise to such Account and in accordance with the terms and provisions of each such Contract. Neither the Agent nor any of the Secured Parties shall have any obligation or liability under any Account (or agreement giving rise thereto) or under any Contract by reason of or arising out of this Agreement or its assignment to the Agent or the receipt by the Agent or any of the Secured Parties of any payment relating to any Account or Contract pursuant hereto, nor shall the Agent nor any of the Secured Parties be required or obligated in any manner to perform or fulfill any of the obligations of either Debtor under or pursuant to any Account (or any agreement giving rise thereto) or under or pursuant to any Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party under any Account (or any agreement giving rise thereto) or under any Contract, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

5. Representations and Warranties. Each Debtor hereby represents and warrants to the Agent and the Secured Parties that:

(a) Title; No Other Security Interests. Except for the security interest granted hereunder to the Agent and Permitted Liens under the Loan Agreement, the Debtors own each item of the Collateral free and clear of any and all Liens.

(b) Addresses. Each Debtor's chief executive office and the place where its records concerning the Accounts and other Collateral are kept and the other addresses of each Debtor's business, if any, are set forth in the Loan Agreement. The states in which Collateral is located, and each Debtor's chief executive office and principal place of business in each state, shall not be changed without prior written notice to the Agent, but the Collateral, wherever located, is covered by this Agreement. Each Debtor shall immediately advise the Agent in writing of any change in its name, address or form of organization.

(c) Trade Names. Any and all trade names under which either Debtor transacts any part of its business, and all former names of each Debtor, are those which have been previously disclosed to the Agent, as set forth in the Loan Agreement.

(d) Accuracy of Information. All information, certificates or statements given to the Agent pursuant to this Agreement shall be true and complete in all material respects, when given.



6. Covenants. Each Debtor covenants and agrees with the Agent that from and after the date of this Agreement until the Secured Obligations are fully satisfied:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of the Agent, and at the sole expense of either Debtor, each Debtor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Agent may reasonably request for the purpose of obtaining the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the security interests granted hereby or the execution of any documents necessary to perfect a security interest in any patents, trademarks, copyrights or applications therefor acquired after the date of this Agreement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction. Each Debtor appoints the Agent as its attorney in fact for the purpose of executing any financing or continuation statements which Debtor fails to execute and deliver within three (3) days of Agent's request to reflect the liens granted in favor of the Agent hereunder for its own benefit and for the benefit of the Secured Parties.

(b) Maintenance of Records. If an Event of Default has occurred and is continuing and if requested by the Agent, each Debtor will mark its Business Records pertaining to the Collateral to evidence this Agreement and the security interests granted hereby.

(c) Indemnification. Each Debtor agrees to pay, and to save the Agent and the Secured Parties harmless from, any and all liabilities, costs and expenses (including, without limitation, legal fees and expenses) (i) with respect to, or resulting from, any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, (ii) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral or (iii) in connection with any of the transactions contemplated by this Agreement. In any suit, proceeding or action brought by the Agent under any Account or Contract for any sum owing thereunder, or to enforce any provisions of such Account or Contract, each Debtor will save, indemnify and keep the Agent and the Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by either Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from either Debtor, and all such obligations of either Debtor shall be and remain enforceable against and only against either Debtor and shall not be enforceable against the Agent or any Secured Party. Notwithstanding the foregoing, the Debtors shall have no liability to any person under this subsection (c) with regard to liabilities, costs or expenses resulting from the willful misconduct of, or from the breach of a non-statutory or non-regulatory duty owed to third parties by, such person.

(d) Payment of Obligations. Each Debtor will pay promptly when due, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect

of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if and to the extent not required to be paid pursuant to the Loan Agreement.

(e) Limitation on Security Interests on Collateral. The Debtors will not create, incur or permit to exist, and will defend the Collateral against, and will take such other actions as are necessary to remove, any Lien against the Collateral other than the security interests created hereby, and other than Permitted Liens pursuant to the Loan Agreement, or any other claim with respect to the Collateral which is adverse or contrary to the Agent's or the Secured Parties' rights hereunder, and will defend the right, title and interest of the Agent and the Secured Parties in and to any of the Collateral against the claims and demands of all Persons whomsoever. The Debtors will not sell or otherwise dispose of any type or item of Collateral except as expressly permitted by this Agreement or the Loan Agreement.

(f) Limitations on Modifications of Contracts, Accounts; No Waivers, Extensions. Other than in the ordinary course of business, the Debtors will not (i) amend, modify, terminate or waive any provision of any Contract or any agreement giving rise to an Account in any manner which might materially adversely affect the value of such Contract or Account as Collateral, or (ii) fail to exercise promptly and diligently each and every right which it may have under each Contract and each agreement giving rise to an Account (other than any right of termination) in any manner which could materially adversely affect the value of such Contract.

(g) Limitations on Discounts, Compromises, Extension of Accounts. Other than in the ordinary course of business, the Debtors will not grant any extension of the time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any person liable for the payment thereof or allow any credit or discount whatsoever thereon.

(h) Maintenance of Insurance. The Debtors will maintain insurance policies as required by the Loan Agreement.

(i) Right of Inspection. The Agent and each of the Secured Parties shall at all times, but upon reasonable advance notice unless a Default or Event of Default has occurred, have full and free access during normal business hours to all the books, correspondence and records of the Debtors, and the Agent and each Secured Party or their respective representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Debtors agree to render to the Agent and each of the Secured Parties, at the Debtors' cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto. The Agent and each of the Secured Parties, and their respective representatives, shall at all times, but upon reasonable advance notice unless a Default or Event of Default has occurred, also have the right to enter into and upon any premises of either Debtor where any of the Inventory or Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting its

interests therein. The Agent and each of the Secured Parties will maintain the confidentiality of information obtained by them pursuant to this subsection pursuant to the terms set forth in the Loan Agreement.

7. Sale and Collections.

(a) Sale of Inventory. Without the prior written consent of the Agent, the Debtors may sell or otherwise dispose of Inventory only in the ordinary course of the Debtors' businesses.

(b) Notification of Account Debtors. After the occurrence and during the continuation of an Event of Default, the Agent shall have the right to notify and direct any person obligated to either Debtor (an "Account Debtor") to make all payments whatsoever to the Agent and the Agent shall have the right thereafter to hold all amounts acquired from any Account Debtor and any proceeds as part of the Collateral in accordance with the terms of this Agreement and the Dominion of Funds Agreement of even date herewith or apply it to the Obligations.

(c) Verification and Notification. The Agent may verify Collateral in any reasonable manner and the Debtors shall assist the Agent in so doing. Anything contained herein to the contrary notwithstanding, the Agent may at any time during the continuance of an Event of Default, and the Debtors shall, thereafter, upon request of the Agent, notify the Account Debtors on any Accounts to make payment directly to the Agent, and the Agent may enforce collection of, settle, compromise, extend or renew the indebtedness of such Account Debtors. The Agent may also, at any time during the continuance of an Event of Default, notwithstanding any other provision of this Agreement, notify the bailee of any Inventory of its security interest therein.

8. Agent's Appointment as Attorney-in-Fact.

(a) General Appointment. Effective upon the occurrence of an Event of Default, each Debtor hereby irrevocably constitutes and appoints the Agent, with power of substitution to appoint any person to act on its behalf where such appointment is required by applicable law, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of either Debtor and in the name of either Debtor or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Agreement, on behalf of either Debtor, to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all monies due and to become due under any Contract, Account or other Collateral and, in the name of either Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of monies due under any Contract, Account or other Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Agent for the purpose of collecting

any and all such monies due under any Contract, Account or other Collateral whenever payable;

(ii) to pay or discharge taxes, security interests or other encumbrances levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) (A) to direct any party liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Agent or as the Agent shall direct; (B) to receive payment of and give receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with Accounts and other documents relating to the Collateral; (D) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (E) to defend any suit, action or proceeding brought against either Debtor with respect to any Collateral; (F) after acceleration of the Loans under the Loan Agreement, to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; and (G) to do, at the Agent's option and either Debtor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary or desirable to protect, preserve or realize upon the Collateral and the Agent's and the Secured Parties' security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as either Debtor might do.

This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) Duties of the Agent. The powers conferred on the Agent hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to either Debtor for any act or failure to act, except for its own willful misconduct.

9. Performance by the Agent of Debtors' Obligations. If either Debtor fails to perform or comply with any of its agreements contained herein and the Agent, as provided for by the terms of this Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at the Default Rate provided for in the

Loan Agreement, shall be payable by either Debtor to the Agent on demand and shall constitute Obligations secured hereby.

10. Proceeds as Collateral. During the continuance of an Event of Default, any and all Proceeds received by the Agent (whether from either Debtor or otherwise and including proceeds held in the Lockbox Account) may, in the sole discretion of the Agent, be held by the Agent as collateral security for, or then or at any time thereafter applied in whole or in part by the Agent against, all or any part of the Obligations in the manner provided in Section 13.

11. Events of Default. The occurrence of an Event of Default under the Loan Agreement shall be deemed an Event of Default hereunder.

12. Remedies.

(a) General. If an Event of Default shall occur and be continuing, the Agent may exercise in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code. Without limiting the generality of the foregoing, each Debtor expressly agrees that in any such event the Agent may forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, or otherwise dispose of and deliver such Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Agent's offices or elsewhere at such prices as it may deem best for cash or on credit or for future delivery without assumption of any credit risk. The Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of such Collateral so sold, free of any right or equity of redemption in either Debtor which rights or equities are, to the extent permitted by law, hereby waived or released. Each Debtor further agrees, at the Agent's request, to assemble the Collateral, make it available to the Agent at places which the Agent shall reasonably select, whether at either Debtor's premises or elsewhere, at the Debtors' sole cost and expense. The Agent shall pay over the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or incurred in exercising the rights of the Agent or the Secured Parties hereunder, including, without limitation, attorneys' fees and legal expenses, to the Agent or the Secured Parties for application by them to the payment in whole or in part of the Secured Obligations, in the manner provided in Section 13, and only after so paying over such net proceeds and after the payment by the Agent of any other amount required by any provision of law, including Section 9-504(1)(c) of the Code, will the Agent be required to account for the surplus, if any, to the Debtors. To the extent permitted by applicable law, the Debtors waive all claims, damages, and demands against the Agent arising out of the repossession, retention or sale of the Collateral except those resulting from the willful misconduct of, or from the breach of contractual obligations owed to third parties by, the Agent. The Debtors agree that the Agent need not give more than ten days' notice of the time and place of any public sale or of the time after which a private sale may take place and that

such notice is reasonable notification of such matters. The Debtors shall remain jointly and severally liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts (including the Obligations) to which the Agent or the Secured Parties are entitled, the Debtors also being jointly and severally liable for the fees of any attorneys employed by the Agent to collect such deficiency.

(b) Costs. The Debtors also agree jointly and severally to pay all costs of the Agent, including, without limitation, attorneys' fees and legal expenses, incurred with respect to the collection of any of the Secured Obligations and the enforcement by the Secured Parties of any of their rights hereunder.

13. Application of Proceeds. All monies collected by the Agent upon any sale or other disposition of the Collateral shall be applied to the Obligations as provided in the Loan Agreement.

14. Limitation on the Agent's Duty in Respect of Collateral. The Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as the Agent deals with similar property for its own account. Neither the Agent, any Secured Party nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of either Debtor or otherwise to the extent that such claims are waiveable under the Code.

15. Powers Coupled with an Interest. All authorizations and agencies herein contained with respect to the Collateral are irrevocable powers coupled with an interest.

16. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

17. Section Headings, etc. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof. All references to Sections, Schedules and Exhibits are to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified.

18. No Waiver; Cumulative Remedies. Neither the Agent nor any Secured Party shall by any act (except a written instrument pursuant to Section 19 hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of the terms and conditions hereof. A waiver by the Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent would otherwise have had on any future

occasion. No failure to exercise nor any delay in exercising on the part of the Agent any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by the Loan Agreement, any other Loan Document or applicable law.

19. Waivers and Amendments; Successors and Assigns; Governing Law. None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by a written instrument, duly executed by the Debtors and the Agent. This Agreement and all obligations of the Debtors hereunder shall be binding upon the successors and assigns of each Debtor, and shall, together with the rights and remedies of the Agent hereunder, inure to the benefit of the Agent and the Secured Parties and their successors and assigns; provided that the Debtors may not assign or transfer any of their rights or obligations hereunder without the prior written consent of the Agent. This Agreement shall be governed by, and be construed and interpreted in accordance with, the internal laws (and not the laws of conflict) of the State of Ohio.

20. Release.

(a) Releases. Collateral may be released in whole or in part only with the consent of the Agent; provided that, without the Agent's consent, (i) each Debtor may sell Inventory in the ordinary course of business, (ii) each Debtor may sell or otherwise dispose of obsolete or surplus Equipment in accordance with the Loan Agreement, (iii) each Debtor may license to third parties interests in its intellectual property in the ordinary course of business and (iv) Collateral may be released pursuant to the terms of the Loan Agreement. Upon any such release of Collateral, and following receipt of the proceeds of such Collateral for the sale of any Collateral other than Inventory, the Agent shall, at the request and expense of the Debtors, release the Collateral being sold and execute and deliver to the Debtors a proper instrument or instruments acknowledging the release of such Collateral from this Agreement, and will duly assign, transfer and deliver to the Debtors (without recourse and without any representation or warranty) the Collateral being sold as described above.

(b) Certificate of Debtor. At any time that the Debtors desire that the Agent execute any document relating to the release of any Collateral as provided in the foregoing Sections 20(a), they shall deliver to the Agent a certificate signed by a senior or financial officer of each Debtor stating that the release of the respective Collateral is permitted pursuant to Section 20(a).

21. Notices. All notices, requests and other communications that are required or may be given under this Agreement shall be in writing, and may be delivered, telecopied or sent in accordance with the Loan Agreement.

22. Authority of the Agent. Each Debtor acknowledges that the rights and responsibilities of the Agent under this Agreement with respect to any action taken by the Agent or the exercise or non-exercise by the Agent of any option, right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Agent and the Secured Parties, be governed by the Loan Agreement and such other agreements with respect thereto as may exist from time to time among them, but, as between the Agent and the Debtors, the Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and the Debtors shall not be under any obligation, or entitlement, to make any inquiry respecting such authority.

23. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Debtors and the Agent have caused this Agreement to be executed by their duly authorized officers on the date first set forth above.

**CRYSTECO, INC.,**  
an Ohio corporation

By: William M. Sherk, Jr.  
Name: William M. Sherk, Jr.  
Its: Vice Chairman & CFO

**CRYSTECO EPITAXIAL CORPORATION,**  
a Texas corporation

By: William M. Sherk, Jr.  
Name: William M. Sherk, Jr.  
Its: Vice Chairman

[Signatures continued on following page]



[Signatures continued from prior page]

**NBD BANK, as Agent**

By: Mark W. Widawski

Name: Mark W. Widawski

Its: First Vice President

**Exhibit A: List of Intellectual Property**

DET04/113510.8

Tuesday, December 23, 1997 **Client Index** Dates From: To: 1

Client: 432832	CRYSTECO	Client Matter #	Owner	Status	Renewal Date	Atty
Trademark	Country					
CRYSTECO	China	432832-013CNI		Unfiled		MPL
CRYSTECO	European Community	432832-013EUI		Pending		MPL
			Application #/Date: 453928	05-Feb-1997		
CRYSTECO	Japan	432832-013JPI		Pending		MPL
			Application #/Date: 9-24089	05-Mar-1997		
CRYSTECO	Taiwan	432832-013TW		Pending		MPL
			Application #/Date: 86007572	17-Feb-1997		
CRYSTECO	Taiwan	432832-013TW		Pending		MPL
			Application #/Date: 86046583	08-Sep-1997		
CRYSTECO	United States of America	432832-013USI		Registered		MPL
			Application #/Date: 72/342405	13-Jun-2002		
			Registration #/Date: 935543	03-Nov-1969		
CRYSTECO DESIGN	United States of America	432832-013US2		Registered		MPL
			Application #/Date: 175501	16-Jan-1999		
			Registration #/Date: 111158	22-Jun-1978		
E2S	United States of America	432832-013US3		Pending		MPL
			Application #/Date: 75/351614	04-Sep-1997		

Client: 432832 CRYSTECO

Case Number	Sub Case	Attorney	Status	Application Number	Filing Date	Patent Number	Issue Date	Publication Number/Date	Expiration Date
432832-055	P	MPL	Pending	60/039299	06-Feb-1997				

Country: US United States of America  
Title: METHOD AND APPARATUS FOR GROWING CRYSTALS

Tuesday, December 23, 1997 **Client Index** **Dates From:** **To:** 2

Client: 432832 CRYSTECO

Trademark	Country	Client Matter #	Owner	Status	Renewal Date	Atty
THE POWER TO MAKE IT WORK	United States of America	432832-013US4		Pending	04-Sep-1997	MPL

Application #/Date: 75/351787