

02-16-1999



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**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

MPB 2-4-99

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID #

Correction of PTO Error
Reel # Frame #

Corrective Document
Reel # Frame #

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment

Merger Effective Date
Month Day Year

Change of Name

Other

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

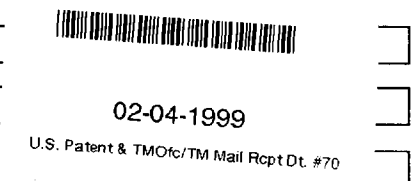
Address (line 3)
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

Corporation Association

Other

Citizenship/State of Incorporation/Organization



FOR OFFICE USE ONLY

02/12/1999 DNGUYEN 00000287 1732718

01 FC:481 40.00 DP
02 FC:482 125.00 DP

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TRADEMARK
REEL: 1854 FRAME: 0344

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="1732718"/>	<input type="text" value="1388554"/>	<input type="text"/>
<input type="text" value="1831958"/>	<input type="text" value="1388862"/>	<input type="text"/>
<input type="text" value="1831957"/>	<input type="text" value="1821140"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Bruce W. Longbottom

Name of Person Signing

Signature

1/14/99

Date Signed

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT ("Security Agreement") is made as of the 18th day of August, 1998, by XOLOX CORPORATION, an Indiana corporation having its chief executive offices at 6932 Gettysburg Pike, Fort Wayne, Indiana 46804 (Taxpayer I.D. No. _____) ("Borrower"), in favor of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, having its principal place of business at 231 South LaSalle Street, Chicago, Illinois 60697, as agent for the Lenders (the "Lenders") party to the hereinafter described Credit Agreement (the "Agent").

SECTION 1

Definitions

1.1 Defined Terms. As used herein:

"Accounts", "Inventory", "Equipment", "Fixtures", "General Intangibles", "Chattel Paper", "Documents", "Goods", "Deposit Accounts", "Instruments" and "Proceeds" shall mean all of Borrower's such property within the meanings ascribed in the Indiana Uniform Commercial Code.

"Account Debtor" shall have the meaning ascribed in the Indiana Uniform Commercial Code.

"Collateral" shall mean all of the Borrower's property or rights in which a security interest is granted hereunder.

"Collateral Account" shall mean the Deposit Account more fully described in Section 4.5.

"Credit Agreement" shall mean the Credit Agreement executed between the Borrower, VCM and the Agent of even date, as amended from time to time.

"Guarantor" shall mean Xolox Holding Corp., an Indiana corporation.

"Intellectual Property" shall mean all intellectual property of the Borrower, including, without limitation, (a) all patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice), including but not limited to those identified on Schedule 2 hereto; (b) all trademarks, service marks, trade dress, trade names, and corporate names and all the goodwill and quality control standards associated therewith, including but not limited to those identified on Schedule 2 hereto; (c) all registered and unregistered statutory and common law copyrights, including but not limited to those identified on Schedule 2 hereto; (d) all registrations, applications and renewals for any of the foregoing, including but not limited to those identified on Schedule 2 hereto; (e) all trade secrets, confidential information, ideas, formulae, compositions, knowhow, manufacturing and production processes and techniques, research and development

information, drawings, specifications, designs, plans, improvements, proposals, technical and computer data, financial, business and marketing plans, and customer and supplier lists and related information; (f) all other proprietary rights (including, without limitation, all computer software and documentation and all license agreements and sublicense agreements to and from third parties relating to any of the foregoing); (g) all copies and tangible embodiments of the foregoing in whatever form or medium; (h) all damages and payments for past, present and future infringements of the foregoing; (i) all royalties and income due with respect to the foregoing; (j) the right to sue and recover for past, present and future infringements of the foregoing; and (k) improvements on existing inventions.

"Liabilities" shall mean (a) all Obligations including all future advances; (b) all other time to time obligations of the Borrower, VCM, the Guarantor and any consolidated subsidiary to the Agent or the Lenders of every type and description, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and whether or not contemplated by the Borrower, the Agent or the Lenders as of the date of this Security Agreement, including, without limitation, any modification, extension, or addition to or of the Obligations or the Credit Agreement and any overlying advances, out of formula advances and overdrafts made or permitted in connection with the Obligations or other Liabilities; and (c) any duty of the Borrower to act or to refrain from acting in connection with any Liability.

"Obligations" shall have the meaning ascribed in the Credit Agreement.

"Schedule of Accounts" shall have the meaning ascribed in Section 4.3.

"Subsidiary" shall have the meaning ascribed in the Credit Agreement.

"VCM" shall mean VCM Corp., an Indiana corporation.

1.2 Incorporation of Credit Agreement Definitions. Other capitalized terms used herein and not specifically herein defined shall have the meanings ascribed to them in the Credit Agreement.

SECTION 2

Security Interest in Collateral

As security for the payment and performance of the Liabilities, the Agent for the benefit of the Lenders shall have, and the Borrower does hereby grant to the Agent, for the benefit of the Lenders, a continuing security interest in the following Collateral:

(a) All Accounts, Deposit Accounts, General Intangibles, Documents, Instruments, Chattel Paper and any other similar rights of the Borrower however created or

evidenced, whether now existing or hereafter owned, acquired, created, used, or arising, specifically including, without limitation, claims, leases, agreements, license agreements, licensing fees, royalties, policies, credit insurance, guaranties, letters of credit, advices of credit, binders or certificates of insurance, deposits, documents of title, securities, security interests, licenses, goodwill, tax refunds (federal, state or local), customer lists, franchises, franchise rights, drawings, designs, marketing rights, computer programs, artwork, databases and other like business property rights, all applications to acquire such rights, for which application may at any time be made by the Borrower, together with any and all books and records pertaining thereto and any right, title or interest in any Inventory which gave rise to an Account, and all Intellectual Property throughout the world whether now existing or hereafter acquired;

(b) All Inventory, whether now existing or hereafter acquired and wherever located, specifically including, without limitation, all merchandise, personal property, raw materials, work in process, finished Goods, materials and supplies of every nature usable or useful in connection with the manufacturing, packing, shipping, advertising, selling, leasing or furnishing of any of such Inventory and all materials of the Borrower used or consumed or to be used or consumed in the Borrower's business, together with any and all books and records pertaining thereto;

(c) All Equipment, Fixtures, Goods and all other tangible personal property of the Borrower of every kind or nature, whether now owned or hereafter acquired, wherever located, specifically including, without limitation, all machinery, trucks, boats, barges, on and off the road vehicles, forklifts, tools, dies, jigs, presses, appliances, implements, improvements, accessories, attachments, parts, components, partitions, systems, carpeting, draperies and apparatus;

(d) All products and Proceeds of each of the foregoing, specifically including, without limitation, (i) any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Borrower from time to time, (ii) any and all payments of any form whatsoever made or due and payable to the Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the foregoing by any Governmental Authority, 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 foregoing, whether or not in lieu thereof;

(e) All renewals, extensions, replacements, modifications, additions, improvements, accretions, accessions, betterments, substitutions, replacements, annexations, tools, accessories, parts and the like now in, attached to or which may hereafter at any time be placed in or added to any Collateral, whether or not of like kind; and

(f) All rights, remedies, claims and demands under or in connection with each of the foregoing.

SECTION 3

Representations and Warranties

To induce the Lenders to enter into the Credit Agreement and to make each and every loan and other financial accommodation thereunder, the Borrower represents and warrants to the Agent for the benefit of the Lenders that, except as may otherwise be provided in the Credit Agreement:

3.1 Names of Borrower. The exact name of the Borrower is "Xolox Corporation." The Borrower was organized under the laws of the State of Indiana. Set forth on Schedule 1 hereto is a true, accurate and complete list of all previous legal names of the Borrower and all past and present assumed (or fictitious) names and tradenames of the Borrower.

3.2 Prior Combinations. Except as set forth on Schedule 1 hereto, the Borrower has not ever been conducted as a partnership or proprietorship, no entity has merged into the Borrower or has been consolidated with the Borrower, and no entity has sold substantially all of its assets to the Borrower or sold assets to the Borrower outside the ordinary course of such entity's business.

3.3 Chief Executive Office, etc. The Borrower's chief executive office and taxpayer identification number are set forth in the preamble to this Security Agreement. Borrower maintains all of its records with respect to its Accounts at such address. Borrower has not at any time within the past four (4) months maintained its chief executive office or its records with respect to Accounts at any other location.

3.4 Title to Collateral. Except for Intellectual Property, which is separately addressed in Section 3.6 below, all Collateral is lawfully owned by the Borrower, free and clear of any prior security interest, pledge, sale, assignment, transfer or other encumbrance other than Permitted Encumbrances; the Borrower has the unencumbered right to pledge, sell, assign or transfer the Collateral subject to the Permitted Encumbrances and to subject the Collateral to the security interest in favor of the Agent herein; except in respect of Permitted Encumbrances, no financing statement covering all or any portion of the Collateral is on file in any public office other than in favor of the Agent for the benefit of the Lenders; and the security interest herein constitutes a legal and valid, first priority security interest in the Collateral.

3.5 Representations Regarding Accounts. Except for Permitted Encumbrances, each Account (a) is a valid Account representing an undisputed, bona fide right to payment from the Account Debtor named therein for Goods sold or leased, Intellectual Property licensed, or for services rendered, whether or not such right to payment has been earned by performance; (b) is free and clear of any agreement wherein the Account Debtor may claim a deduction or discount; and (c) is free and clear of all set-offs or counterclaims.

3.6 Representations Regarding Intellectual Property. Schedule 2 hereto contains a complete and accurate list as of the date hereof of all issued and applied for patents, registered and applied for trademarks, registered and applied for copyrights, and other Intellectual Property owned or filed by the Borrower. Schedule 2 also contains a complete and accurate list of all licenses and other rights granted by the Borrower to any third party with respect to the Intellectual Property and licenses and other rights granted by any third party to the Borrower. Except for Permitted Encumbrances and except as may be set forth in Schedule 2 (a) the Borrower owns and possesses all right, title and interest in and to, or has a valid and enforceable license to use, all of the Intellectual Property necessary for the operation of the Borrower's business as presently conducted or proposed to be conducted; (b) no claim by any third party contesting the validity, enforceability, use or ownership of any Intellectual Property has been made, is currently outstanding or, to the Borrower's knowledge, is threatened, and, to the Borrower's knowledge, there are no grounds for any such claim; (c) the Borrower has not received any notice of, nor is the Borrower aware of any facts which indicate the likelihood of, any material infringement or misappropriation by, or conflict with, any third party with respect to any Intellectual Property, nor has the Borrower received any claim of infringement or misappropriation of, or other conflict with, any intellectual property rights of any third party; (d) the Borrower has not materially infringed, misappropriated or otherwise conflicted with any intellectual property rights of any third party, nor is Borrower aware of any material infringement, misappropriation or conflict which will occur as a result of the continued operation of the business of the Borrower as presently conducted or proposed to be conducted; (e) the Borrower has made or will timely make all necessary filings and recordations (except user filings) and has paid or will pay all required fees and taxes to record and maintain its ownership in its Intellectual Property throughout the world to the extent necessary to conduct Borrower's business as currently being conducted or proposed to be conducted; and (f) no consents are required on any licenses listed on Schedule 2 hereto, except as set forth on Schedule 2, to the grant of the security interests to, and the exercise of the rights and remedies of, the Agent.

3.7 Representations Regarding Contracts and Leases. All leases of real or personal property and all contracts to which the Borrower is a party are in full force and effect. No Person is challenging or disputing the validity or enforceability of any such leases or contracts, and the Borrower is not in material default under any such leases or contracts.

3.8 Representations Regarding Equipment and Inventory. Schedule 3 is a true and correct list of all locations where Equipment and Inventory of the Borrower is located (except Inventory in transit) and all locations where Equipment and Inventory of the Borrower has been located in the four (4) months immediately preceding the date of this Agreement. Borrower has not purchased any Inventory in a transaction subject to the bulk transfer laws of any state or otherwise outside the ordinary course of the Inventory seller's business.

SECTION 4

Agreements Concerning Accounts

4.1 Location. The Borrower will give the Agent written notice of each office of the Borrower at which records of the Borrower relative to Accounts are kept. Except where such notice is given, all records of the Borrower relative to Accounts are and will be kept at the chief executive office of the Borrower.

4.2 Returns and Repossessions. Prior to the occurrence of a Default or Unmatured Default, the Borrower may grant, in the ordinary course of business, to any Account Debtor, any rebate, refund or adjustment to which such Account Debtor may be lawfully entitled and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to the obligation of the Account Debtor, subject, however, to the Agent's security interest therein and in any Proceeds arising from the disposition thereof. After the occurrence of a Default or an Unmatured Default, no discount, credit or allowance shall be granted by the Borrower to any Account Debtor, and no return of Goods shall be accepted by the Borrower without the Agent's or Majority Lenders' prior written consent.

4.3 Schedule of Accounts. Upon request by the Agent or the Majority Lenders, the Borrower will, from time to time, deliver to the Agent a schedule identifying each Account ("Schedule of Accounts"), together with such schedules and certificates and reports relative to all or any of the Collateral and the items or amounts received by the Borrower in full or partial payment or otherwise, as Proceeds of any of the Collateral. Each Schedule of Accounts or other schedule, certificate or report shall be executed by its duly authorized officer and shall be in the form specified by the Agent or the Majority Lenders. Any Schedule of Accounts identifying any Account shall be accompanied, if the Agent or the Majority Lenders request, (a) by a true and correct copy of the invoice evidencing such Account, (b) by evidence of shipment, delivery or performance, and (c) if such request shall be made after the occurrence of a Default or an Unmatured Default, by a duly executed assignment of such Account from the Borrower to the Agent for benefit of the Lenders; provided, however, that the Borrower's failure to execute and deliver any such Schedule of Account and/or assignment shall not affect or limit the Agent's security interest or other rights in and to Accounts, and provided, further, that a proper assignment of any Account wherein the United States Government is the Account Debtor may be requested by the Agent or the Majority Lenders at any time whether or not there shall have occurred a Default or Unmatured Default.

4.4 Verification of Accounts. The Agent, its officers, agents, attorneys, and accountants, may verify Accounts and returned and repossessed Goods and, under reasonable procedures, directly with the Account Debtor or by other methods, and the Borrower shall furnish to the Agent upon request additional Schedules of Accounts, together with all notes or other papers evidencing the same and any guaranty, securities or other information relating thereto, and shall do, make and deliver all such additional and further acts, things, deeds, assurances and instruments as the Agent or the Majority Lenders may reasonably require.

4.5 Collateral Account. The Borrower (a) will immediately upon receipt of written notice from the Agent or the Majority Lenders, deposit all checks, drafts, cash remittances and other Proceeds in payment of Accounts in a special collateral account ("Collateral Account") maintained with the Agent and thereafter keep segregated any such checks, drafts, cash remittances or other Proceeds in trust for the benefit of the Lenders until deposited in the Collateral Account with the Agent; (b) will, upon the written request of the Agent or the Majority Lenders, note the security interest of the Agent on all records relative to the Collateral including, without limitation, any invoice which evidences an Account; (c) will, upon the written request of the Agent or the Majority Lenders, give notice of the Agent's security interest to Account Debtors and other obligors to the Borrower; (d) agrees that all checks and other Instruments received by the Agent or any Lender after the occurrence and during the continuance of any Default or Unmatured Default as Proceeds of Accounts will be credited upon receipt to the Liabilities in such order as the Majority Lenders may determine, subject to final payment; and (e) will, whenever the Borrower obtains possession (by return, repossession or otherwise) of any Goods, the sale or lease of which shall have given rise to any of the Collateral, upon the Agent's or the Majority Lenders' written request, segregate, label and hold such Goods as subject to the security interest of the Agent hereunder, and will, at its own expense, dispose of such Goods in such manner as the Agent or the Majority Lenders may from time to time direct. The Agent or the Majority Lenders may notify any Account Debtor to make payment directly to the Agent of any amounts due or to become due and enforce the collection of any Accounts by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for a period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Such notice may require the Account Debtor or other obligor to pay the Account or other obligation directly to the Agent. Any Proceeds shall be deposited in the form received except for the endorsement of the Borrower where required, which endorsement the Agent or the Majority Lenders are authorized to make on the Borrower's behalf and shall be held by the Agent as security for all Liabilities, and the Agent may at any time and from time to time apply all or any portion of the funds on deposit in the Collateral Account against the Liabilities, the order of application to be at the discretion of the Majority Lenders.

4.6 Accounts Owed by the Federal Government. If any Account shall arise out of a contract with the United States of America, or any department, agency, subdivision, or instrumentality thereof, the Borrower shall promptly notify the Agent thereof in writing and shall take all other action requested by the Agent or the Majority Lenders to protect the Agent's security interest in such Account under the provisions of the federal Assignment of Claims Act, as amended.

4.7 Assignment of Security Interests. If, at any time the Borrower shall take and perfect a security interest in any property of an Account Debtor or any other Person to secure payment or performance of an Account, the Borrower shall promptly, upon the request of the Agent or the Majority Lenders, assign such security interest to the Agent for the benefit of the Lenders.

SECTION 5

Agreements Concerning General Intangibles

5.1 Maintenance of Intellectual Property. Unless otherwise agreed in writing by the Agent of the Majority Lenders, Borrower shall have the duty to do any and all acts which are necessary to preserve and maintain all material rights in the Intellectual Property. Borrower will give proper statutory notice in connection with the use of its Intellectual Property. Borrower has used, and will continue to use for the duration of this Agreement, consistent standards of quality in its manufacture or creation of products sold under its trademarks. The Borrower shall not abandon any of the Intellectual Property nor permit the expiration of any material Intellectual Property registrations, except where occasioned by non-use, without the written consent of the Agent. Borrower shall do any and all acts reasonably required by the Agent to ensure Borrower's compliance with this Section 5.1. Any reasonable expenses incurred in connection with the Intellectual Property shall be borne by Borrower.

5.2 After-Acquired Intellectual Property. If the Borrower obtains rights to any new Intellectual Property, the provisions of this Security Agreement shall automatically apply thereto. With respect to any new applications for Intellectual Property, the issuance of any new registration for Intellectual Property, and renewals or extensions of any of the foregoing, the Borrower shall give the Agent prompt written notice thereof in writing.

5.3 Opposition Proceedings. Unless and until there shall have occurred and be continuing a Default, Borrower shall retain the legal and equitable title to the Intellectual Property and shall have the right to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce, protect and use the Intellectual Property in the ordinary course of its business, but shall not be permitted, except with the prior written consent of the Agent or the Majority Lenders, to sell, assign, transfer or otherwise encumber the Intellectual Property, other than licensings or other dispositions in the ordinary course of business or to resolve litigation or disputed claims brought or made by unrelated parties.

5.4 Verification of Intellectual Property. The Agent, its officers, agents, attorneys and accountants, may verify the Intellectual Property and all licenses and other agreements with respect thereto, under reasonable procedures, directly with licensees or by other methods, and the Borrower shall furnish to the Agent upon request schedules of Intellectual Property and licenses, together with other information relating thereto, and shall do, make and deliver all such additional and further acts, things, deeds, assurances and instruments as the Agent or the Majority Lenders may reasonably require with respect to the Intellectual Property, including, without limitation, the licenses. The Borrower shall promptly notify the Agent, if it knows that any material application or registration relating to Intellectual Property may become abandoned or dedicated to the public, or of any material adverse determination or development (including any claim) regarding the Intellectual Property or any material license with respect thereto, or regarding its right to register, keep and maintain the same, or if it knows that a material item of Intellectual Property is materially infringed or

misappropriated by a third party, and shall, in any such event, unless (a) the Agent, (b) the Majority Lenders, or (c) the Board of Directors of the Borrower in the exercise of its reasonable business judgment after having considered the advice of reputable intellectual property counsel shall have determined that litigation is inappropriate or unadvisable, promptly sue for infringement or misappropriation.

5.5 Supplemental Documentation. Concurrently with the execution of this Security Agreement, and from time to time hereafter upon request of the Agent or the Majority Lenders, at no charge, the Borrower shall execute and deliver to the Agent supplemental security agreements relating to any or all issued or registered patents, trademarks, tradenames, copyrights or other Intellectual Property, and applications for any of the foregoing, in a form satisfactory to the Agent or the Majority Lenders and suitable for recording in the records of the registering Governmental Authority.

5.6 Contracts and Leases. The Borrower shall perform, when due, each of its obligations under all contracts, leases and other agreements (including, without limitation, all license agreements) to which the Borrower is a party, and, immediately upon learning of any material default by any party under any such contract, lease or other agreement, the Borrower shall give written notice thereof to the Agent, together with a description as to the nature and status thereof. After the occurrence of any Default or Unmatured Default, the Borrower shall not amend, modify, supplement or otherwise agree to any change in any contract, lease or other agreement or waive any provision thereof, without the prior written consent of the Agent or the Majority Lenders.

SECTION 6

Agreements Concerning Inventory

6.1 Locations. Borrower will give the Agent written notice of each location at which Inventory is or will be kept at all times. Except where such notice is given and except for Inventory sold in the ordinary course of business, all Inventory is and shall be kept at the locations set forth on Schedule 3 hereto.

6.2 Sales of Inventory. The Borrower may, in the ordinary course of business, at its own expense, sell, lease or furnish under contracts of sale or service, any of the Inventory normally held by the Borrower for such purpose (a sale in the ordinary course of business does not include a transfer in total or partial satisfaction of a debt), and use and consume, in the ordinary course of business, any raw materials, work-in-process or materials normally held by it for such purpose.

6.3 Condition of Inventory; Books and Records. Borrower shall keep all Inventory in good order and condition and shall maintain full, accurate and complete books and records with respect to Inventory at all times.

6.4 Warehousemen and Landlords. Borrower shall not store any material portion of its Inventory with any bailee, warehouseman, or similar party without the Agent's or the Majority Lenders' prior written consent. If Inventory is so stored, Borrower will, concurrently with storing such Inventory, cause such bailee, warehouseman, or similar party to issue and deliver to the Agent, in a form acceptable to the Agent or the Majority Lenders, warehouse receipts in the Agent's name evidencing the storage of the Inventory. The Borrower shall provide the Agent with copies of all agreements between the Borrower and any bailee, warehouseman, or similar party and shall deliver to the Agent a landlord's or warehouseman's lien waiver in a form acceptable to the Agent, prior to entering into any material lease for warehouse storage or business facilities.

6.5 Consigned Inventory. If at any time any of the Inventory is placed by the Borrower on consignment with any consignee, Borrower shall, prior to delivery of such consigned Inventory (a) provide Agent with all consignment agreements and other instruments and documentation to be used in connection with such consignment (all of which shall be in a form acceptable to the Agent); (b) prepare, execute and file appropriate financing statements with respect to any consigned Inventory showing the consignee as debtor, the Borrower as secured party, and the Agent as assignee of the secured party; (c) prepare, execute and file appropriate financing statements with respect to any consigned Inventory showing the Borrower, as debtor, and the Agent, as secured party for the benefit of the Lenders; (d) conduct a search of all UCC filings made against the consignee and all jurisdictions in which Inventory to be consigned is to be located while on consignment, and furnish copies of such results to the Agent; and (e) notify in writing all creditors of the consignee that are or may be holders of security interests in the Inventory to be consigned that the Borrower expects to deliver certain Inventory to the consignee.

6.6 Compliance with Law. Borrower shall substantially comply in all material respects with all federal, state and local laws, regulations, rulings and orders applicable to the Borrower for its assets or business in all respects. Without limiting the generality of the foregoing, Borrower shall comply with all requirements of the federal Fair Labor Standards Act, as amended, in the conduct of its business and the production of Inventory. Borrower shall notify the Agent immediately of any violation by Borrower of the Fair Labor Standards Act, and the absence of such notice shall constitute Borrower's continuing representation that all Inventory then existing has been produced in compliance with the Fair Labor Standards Act.

SECTION 7

Agreements Concerning Equipment and Fixtures

7.1 Locations. Borrower will give the Agent written notice of each location at which Equipment is or will be kept at all times, except where such notice is given, the Equipment will be kept at locations set forth on Schedule 3 hereto. Schedule 3 sets forth all locations at which Equipment and Fixtures of the Borrower are located and the name and owner of record of the real estate at each location if the Borrower is not the owner of record.

7.2 Condition. The Borrower will keep the Equipment in good order and repair, ordinary wear and tear excepted, and will not waste or destroy the Equipment or any portion thereof, except in the case of obsolete Equipment which is no longer used or useful in Borrower's business.

7.3 Titled Equipment. If Borrower now or hereafter has any vehicles, aircraft, watercraft, or other Equipment for which a certificate of title has been issued by a Governmental Authority, the Borrower shall immediately deliver to the Agent, properly endorsed, each certificate of title or application for title or other evidence of ownership for each such item of Equipment, and the Borrower shall take all actions necessary to have the Agent's security interest properly recorded on each such certificate of title and shall take all other steps necessary to perfect the Agent's security interest in such Equipment.

7.4 Compliance with Laws. The Borrower will not use the Equipment in violation of any statute, rule, regulation or ordinance or any policy of insurance thereon. Borrower will neither use the Equipment nor permit the Equipment to be used, for any unlawful purpose or contrary to any statute, law, ordinance or regulation relating to the registration, use, operation or control of the Equipment.

7.5 Transfers of Equipment. Borrower may from time to time substitute Equipment, provided that (a) the substituted Equipment is not subject to any lien or other encumbrance and has a fair market value at least equal to the fair market of the Equipment for which it is substituted; (b) the marketability and operating integrity of Borrower's Equipment after such substitution is not impaired; (c) the Equipment substituted for is no longer used or useful in the operation of Borrower's business and is sold in arm's length transaction in exchange for money or monies' worth at least equal to the fair market value of such Equipment substituted for; and (d) no Default or Unmatured Default has occurred and is continuing.

7.6 Fixtures. The Borrower shall not permit any item of Equipment to become a Fixture to real estate or an accession to any other property not subject to the Agent's security interest herein without the prior written consent of the Agent or the Majority Lenders. If any Equipment is or will be attached to real estate in such a manner as to become a fixture, and such real estate is encumbered, the Borrower will obtain from the holder of such real estate encumbrance a written consent and subordination to the security interest hereby granted, or a written disclaimer of any interest in such Collateral, in a form acceptable to the Agent or the Majority Lenders.

SECTION 8

General Provisions Concerning Collateral

8.1 Title to After-Acquired Collateral. All Collateral acquired after the date hereof will be acquired by the Borrower free of any lien, security interest or encumbrance, except Permitted Encumbrances.

8.2 Further Assurances. The Borrower agrees to do such reasonable acts and things and deliver or cause to be delivered such other documents as the Agent or the Majority Lenders may deem necessary to establish and maintain a valid security interest in the Collateral (free of all other liens and claims except Permitted Encumbrances) to secure the payment and performance of the Liabilities and to defend title to the Collateral against any Person claiming any interest therein adverse to the Agent. The Borrower authorizes the Agent, at the expense of the Borrower, to execute and file a financing statement or statements or other documents on its behalf in those public offices or those Governmental Authorities deemed advisable or necessary by the Agent to protect the security interests of the Agent herein granted. If permitted by law, the Borrower agrees that a carbon, photographic or other reproduction of this Security Agreement or of a financing statement may be filed as a financing statement.

8.3 Insurance.

(a) The Borrower shall have and maintain at all times, with respect to Inventory and Equipment, insurance written by companies acceptable to the Agent or the Majority Lenders covering risks customarily insured against by companies engaged in business similar to that of the Borrower in reasonable amounts, containing such terms, in such form, and for such periods customarily maintained by companies engaged in business similar to that of the Borrower. Such insurance shall be payable to the Borrower and the Agent for the benefit of the Lenders as their interests may appear. The Agent's interest shall be covered through a standard non-contributory lender's loss payable clause. The insurance certificates evidencing the Borrower's compliance with the above shall be deposited with the Agent, and in the event the Borrower fails to file and maintain such insurance, the Agent may, at its option, purchase such insurance and the cost of such insurance shall become a Liability secured by these presents and all sums expended shall bear interest at the highest Default Rate of interest set forth in the Credit Notes until paid.

(b) In addition to the insurance requirements set forth in Section 8.3(a), the Borrower will carry any other insurance and amounts for periods as may be reasonably required by the Agent or the Majority Lenders, and will deliver to the Agent, not less than five (5) days prior to the expiration of any such policy of insurance, renewals or new policies in like amounts covering the same risks. All such insurance policies shall carry standard, non-contributory lender's loss payable clauses and breach of warranty endorsements, in favor of the Agent for the benefit of the Lenders. The Borrower shall deliver certified copies of such policies to the Agent and shall pay all premiums thereon promptly when due and shall provide substitute policies of insurance should the Agent at any time reject, for reasonable cause, any such policies of insurance furnished by the Borrower. The Borrower hereby assigns to the Agent for the benefit of the Lenders the proceeds of all such insurance, including, without limitation, any premium refunds, to the extent of the Liabilities, shall direct the insurer to make payment of any losses or refunds directly to the Agent, and appoints the Agent its attorney-in-fact to endorse any draft, check or other form of payment made by such insurer.

8.4 Collection of Collateral. The Borrower will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any Collateral including the taking of such action with respect to such collection as the Agent or the Majority Lenders may reasonably request or, in the absence of such request, as the Borrower may deem advisable.

8.5 Agent May Defend Title. In the event the Borrower fails to pay any taxes, assessments, premiums, or fees, or fails to discharge any liens or claims against the Collateral required to be paid or discharged by the Borrower, or fails to purchase, maintain and file with the Agent any insurance required by this Security Agreement, or if any such insurance is inappropriate to the situation, in the Agent's or the Majority Lenders' reasonable discretion, the Lenders may, without demand or notice, pay any such taxes, assessments, premiums or fees, or pay, acquire, satisfy or discharge any liens or claims asserted against the Collateral (without any obligation to determine the validity thereof), or purchase any such insurance. All sums so expended by the Lenders shall become a Liability secured by these presents and shall bear interest at the highest Default rate of interest set forth in the Credit Notes until paid.

8.6 Negotiable Collateral. If any Collateral, including Proceeds, consists of a letter of credit, advice of credit, Instrument, money, certificates of deposit, negotiable Documents, chattel paper or similar property, the Borrower shall, immediately upon receipt thereof, endorse and assign such Collateral, and deliver actual physical possession thereof, to the Agent for the benefit of the Lenders.

8.7 Contracts. The Borrower shall remain liable to perform its obligations under any contracts included in the Collateral to the extent as though this Security Agreement had not been entered into, and neither the Agent nor any Lender shall have any obligation under any such contracts by reason of this Agreement.

8.8 Accounting System. Borrower shall maintain a standard and modern system of accounting in accordance with GAAP which contain information pertaining to the Collateral that may from time to time be requested by the Agent or the Majority Lenders.

8.9 Inspection of Collateral and Records. During Borrower's usual business hours, the Agent may inspect and examine the Collateral and check and test the same as to quality, quantity, value, and condition. The Agent shall also have the right at any time or times hereafter, during Borrower's usual business hours or during the usual business hours of any third party having control over the records of the Borrower, to inspect Borrower's books and records in order to verify the amount or condition of, or any other matter relating to, the Collateral and Borrower's financial condition and to copy and make extracts from such books and records. Borrower waives the right to assert a confidential relationship, if any, it may have with any accounting firm in connection with any information requested by the Agent or the Majority Lenders pursuant to this Security Agreement and agrees that the Agent may directly contact any such accounting firm in order to obtain such information.

8.10 Transfer of Collateral. Borrower shall not sell, lease, license, transfer or otherwise dispose of any interest in any Collateral except (a) sales of Inventory in the ordinary course of business pursuant to Section 6.2, (b) licensings and other dispositions of Intellectual Property in the ordinary course of business, and (c) dispositions of Equipment in accordance with Section 7.5.

SECTION 9

Remedy

9.1 Remedies Generally; Power of Sale. Upon the occurrence of any Default and at any time thereafter, the Agent shall have all rights and remedies available at law or in equity including, without limitation, the rights and remedies of a secured party under the Indiana Uniform Commercial Code (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted), including, without limitation, the right to take possession of the Collateral, and for that purpose the Agent may, so far as the Borrower can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Agent shall give to the Borrower at least ten (10) days' prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Agent may in its discretion transfer any securities or other property constituting Collateral into its own name for the benefit of the Lenders or that of its nominee and receive the income thereon for the benefit of the Lenders and hold the same as security for Liabilities or apply it on principal or interest due on Liabilities. In the event that the Agent takes possession of any Intellectual Property, the goodwill associated with any trademarks, tradenames, trade dress, and service marks of the Borrower shall be transferred to the Agent for the benefit of the Lenders.

9.2 Deposits. Any and all Deposit Accounts, deposits or other sums at any time credited by or due from the Agent to the Borrower shall at all times constitute security for any and all Liabilities, and the Agent may apply or set off such deposits or other sums against Liabilities at any time in Default whether or not the Liabilities are then due or other Collateral is considered by the Agent to be adequate.

9.3 Waiver and Amendment. Except as otherwise expressly set forth herein, to the extent permitted by law, the Borrower waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both Liabilities and Collateral, the Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange, or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Agent or the Majority Lenders may deem advisable. Except as otherwise provided by law, neither the Agent nor any Lender shall have any duty as to the collection or protection of the Collateral, or any income therefrom, nor as to the preservation of rights against prior parties nor as the preservation of any rights pertaining thereto beyond the safe custody thereof.

The Agent may exercise its rights with respect to Collateral without resorting or regard to other Collateral or sources of reimbursement for any Liability. The Agent shall not be deemed to have waived any of these rights upon or under Liabilities or Collateral unless such waiver be in writing and signed by the Agent. No delay or omission on the part of the Agent in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to the exercise of any right on any future occasion. All rights and remedies of the Agent as to the Liabilities or Collateral whether evidenced hereby or by any other instrument or papers shall be cumulative and may be exercised singly, successively or together. The Agent may, from time to time, without notice to the Borrower (a) retain or obtain for the benefit of the Lenders a security interest in any property of any other Person, in addition to the Collateral, to secure any of the Liabilities; (b) retain or obtain for the benefit of the Lenders the primary or secondary liability of any party or parties, in addition to the Borrower with respect to any of the Liabilities; (c) extend or renew for any period (whether or not longer than the original period) or release or compromise any liability of any party or parties primarily or secondarily liable to the Lenders under the Credit Agreement; (d) release its security interest in any of the property securing any of the Liabilities and permit any substitution or exchange for any such property; and (e) resort to the Collateral for the payment of any of the Liabilities whether or not it shall have resorted to any other property or shall have proceeded against any party primarily or secondarily liable for any of the Liabilities. Neither the Agent nor any Lender shall, under any circumstances, or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the liquidation of any Collateral, including the settlement, collection of any Account or for any damage resulting therefrom except liability resulting from any act or omission by the Agent or any Lender which constitutes wilful misconduct. This Security Agreement may be amended only by a writing duly signed by the Agent and the Borrower.

9.4 Expenses; Proceeds of Collateral. The Borrower shall pay to the Agent on demand any and all reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred or paid by the Agent or any Lender in protecting the Collateral or the existence, perfection or priority of the Agent's security interest therein. After deducting all of such expenses, the residue of any Proceeds of collection or sale of the Collateral shall be applied to the payment of principal or interest on Liabilities in such order of preference as the Lender may determine, proper allowance for interest on Liabilities not then due being made, and any excess shall be returned to the Borrower.

9.5 Power of Attorney. The Borrower hereby irrevocably appoints the Agent for the benefit of the Lenders and the Agent's designees from time to time its true and lawful attorneys-in-fact, with full power of substitution in the premises upon the occurrence of a Default (a) to demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Collateral in such manner as the Agent may determine, whether or not the Collateral is then due; (b) to receive, open, and dispose of mail addressed to the Borrower; (c) to endorse notes, checks, drafts, money orders, Documents or other evidences of payment, shipment or storage or any form of Collateral on behalf of and in the name of the Borrower; (d) to sign and send on behalf of the Borrower any invoice or bill of lading relating to any Account, on drafts against customers, on schedules and assignments of Accounts, on notices of assignment, financing statements and other public records,

on verifications of Accounts and on notices to customers; (e) to sign the Borrower's name to the proofs of claim against any Account Debtor on behalf of the Borrower; (f) to notify the post office authorities to change the address for delivery of the Borrower's mail to an address designated by the Agent; (g) to endorse Borrower's name on all applications, documents, papers, certificates and instruments necessary or expedient for the Agent to use the Intellectual Property, or necessary or expedient to grant or issue any exclusive or nonexclusive license under the Intellectual Property to anyone else, or necessary or expedient for the Agent to assign, pledge, convey or otherwise transfer title in, or dispose of, the Intellectual Property to itself or anyone else, for the purpose of recording, registering, filing or accomplishing any other formula with respect to the Intellectual Property; and (h) to do all things necessary to carry out this Security Agreement. The Borrower hereby ratifies and approves all acts of such attorneys. Neither the Agent, any Lender nor any attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law, absent gross negligence, bad faith or wilful misconduct. This power, being coupled with an interest, is irrevocable until the Liabilities have been fully satisfied. Notwithstanding anything herein to the contrary, no attorney acting pursuant to this Section 9.5 shall have any authority to confess judgment on behalf of the Borrower.

9.6 License. Borrower hereby grants to the Agent for the benefit of the Lenders a license to use, without charge, Borrower's Intellectual Property and other Collateral in completing production of, advertising for sale, or selling any Collateral after any Default, and all of the Borrower's rights under all licenses and franchise or other similar agreements shall, in such event, inure to the Agent's benefit on behalf of the Lenders. The license herein shall include the right of the Agent to use, assign, license or sublicense any of the Borrower's Intellectual Property, including in such license reasonable access as to all media in which any of the licensed items may be recorded or stored; provided that the Agent shall comply with all pre-existing quality control standards and trademark use requirements of the Borrower. No agreements hereafter entered into by the Borrower shall prohibit, restrict or impair the rights of the Agent granted hereunder.

9.7 Reinstatement. If, at any time after payment in full by the Borrower of all Liabilities and termination of the Agent's security interest for the benefit of the Lenders, any payments on the liabilities previously made by the Borrower or any other Person must be disgorged by the Agent or any Lender for any reason whatsoever, including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower or such Person, this Security Agreement and the Agent's security interests for the benefit of Lenders herein shall be reinstated as to all disgorged payments as though such payments had not been made, and the Borrower shall sign and deliver to the Agent all documents, and shall do such other acts and things, as may be necessary to re-perfect the Agent's security interest for the benefit of the Lenders.

9.8 No Marshalling. The Borrower, on its own behalf and on behalf of its successors and assigns, hereby expressly waives all rights, if any, to require a marshalling of assets by the Agent or to require the Agent's first resort to some or any portion of the Collateral before foreclosing upon, selling or otherwise realizing on any other portion thereof.

SECTION 10

Miscellaneous Provisions

10.1 Priority. Unless otherwise expressly provided, the security interest hereby created shall be pro rata on par with any prior security interests in the Collateral now or hereafter existing in favor of the Agent.

10.2 Governing Law. This Security Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the Uniform Commercial Code and other applicable laws of the State of Illinois, U.S.A. without regard to conflict of law principles.

10.3 Severability. Whenever possible each provision of this Security Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. The Borrower recognizes that the Lenders have relied on this Security Agreement in extending credit to the Borrower and agrees that such reliance by the Lenders shall be sufficient consideration for this Security Agreement.

10.4 Binding on Successors. The rights and privileges of the Agent shall inure to the benefit of its respective successors and assigns.


10.5 Chattel Mortgage. This Security Agreement shall also constitute a chattel mortgage and an assignment of rents.

10.6 WAIVER OF JURY TRIAL. AGENT AND BORROWER, AFTER CONSULTING OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EITHER OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF EITHER OF THEM. NEITHER AGENT NOR BORROWER SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY EITHER AGENT OR BORROWER EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY BOTH OF THEM.

IN WITNESS WHEREOF, the Borrower and the Agent have caused this Security Agreement to be executed by their respective officers duly authorized as of the date first above written.

XOLOX CORPORATION'S
SIGNATURE PAGE TO THE GENERAL SECURITY AGREEMENT

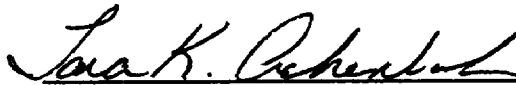
XOLOX CORPORATION,
an Indiana corporation

By: 
Gary W. Riley, President and CEO

STATE OF INDIANA)
COUNTY OF Allen)

Before me, a Notary Public in and for said County and State, personally appeared Gary W. Riley, known to me to be the President and CEO of Xolox Corporation, an Indiana corporation, who acknowledged the execution of the foregoing General Security Agreement for and on behalf of said corporation.

WITNESS my hand and Notarial Seal this 17 day of August , 1998.


Notary Public - Signature

TARA K. ACHENBACH
Notary Public - Printed

My Commission Expires:
7-22-06

My County of Residence:
Allen

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION'S
SIGNATURE PAGE TO THE GENERAL SECURITY AGREEMENT

ACCEPTED:

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION, as Agent
for the Lenders party to the Credit Agreement

By: _____


Jay M. McKeown, Assistant Vice President

Schedule 1

Former Names, Assumed Names, and Trade Names of Xolox Corporation

Prosthetics, Inc. (former name)

Ashley Molded Products, Inc. (Xolox Corporation merged with this entity in 1973. Xolox Corporation was the surviving entity.)

Schedule 2

Trademark Registrations and Applications

<u>Trademark</u>	<u>Registration No.</u>	<u>Country</u>	<u>Registration Date</u>	<u>Status</u>
PICOPUMP	1732718	United States	11/17/92	Registered
OVALFLOW	1831958	United States	04/19/94	Registered
PICOFLOW	1831957	United States	04/19/94	Registered
XOLOX	1388554	United States	04/01/86	Registered
XOLOX	1388862	United States	04/08/86	Registered
OVALFLOW	1821140	United States	02/15/94	Registered

Schedule 2

Patents and Patent Applications

<u>Title of Invention</u>	<u>Country</u>	<u>App. No. and Filing Date</u>	<u>Patent No. and Issue Date</u>	<u>Status</u>
Swing-Type Actuator	Canada	2,159,495 01/06/95		Pending
Hall-Type Transducing Device	Canada	610,156 09/01/89	1,296,434 02/25/92	Issued
Swing-Type Actuator	European Patent	95907986.4 01/06/95		Pending
Swing-Type Actuator	Japan	7-528917 01/06/95	2,740,576 01/23/98	Issued
Swing-Type Actuator	Korea (South)	95-706071 01/06/95		Pending
Swing-Type Actuator	Malaysia	PI 9402480 09/19/94		Pending
Swing-Type Actuator	Singapore	9500851-2 07/12/95		Pending
Pump Assembly	United States	09/021,239 02/10/98		Pending

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Schedule 2

Patents and Patent Applications (cont'd)

<u>Title of Invention</u>	<u>Country</u>	<u>App. No. and Filing Date</u>	<u>Patent No. and Issue Date</u>	<u>Status</u>
Positive Latching Mechanism for an Actuator	United States	60/038,072 02/18/97		Pending
Laminated E-Block Actuator	United States	60/088,677 06/09/98		Pending
Plastic Bonded Magnet with Circumferent	United States	559,493 12/08/83	4,549,157 10/22/85	Issued
Solid State Magnetic Microswitch	United States	681,562 12/14/84	4,691,185 09/01/87	Issued
Hall Effect Sensing Apparatus and Method	United States	652,867 09/20/84	4,829,248 05/09/89	Issued
Method of Making a Magnetic- Encoding Device	United States	285,499 12/16/88	4,897,914 02/06/90	Issued

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Schedule 2

Patents and Patent Applications

<u>Title of Invention</u>	<u>Country</u>	<u>App. No. and Filing Date</u>	<u>Patent No. and Issue Date</u>	<u>Status</u>
Hall-Type Transducing Device	United States	241,589 09/08/88	4,908,527 03/13/90	Issued
Ratio Device for Dispensing Liquids	United States	595,312 10/10/90	5,012,837 05/07/91	Issued
Magnet Roll	United States	388,960 08/02/89	5,030,937 07/09/91	Issued
Simplified Spindle Motor for Disc Drive	United States	567,961 08/15/90	5,057,731 10/15/91	Issued
Pump for Viscous Fluids	United States	518,803 05/04/90	5,169,292 12/08/92	Issued
Controller for an Electric Motor	United States	07/780,277 10/18/91	5,239,241 08/24/93	Issued
Linear Magnetic Sensing Device	United States	790,414 11/12/91	5,266,917 11/30/93	Issued

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Schedule 2

Patents and Patent Applications

<u>Title of Invention</u>	<u>Country</u>	<u>App. No. and Filing Date</u>	<u>Patent No. and Issue Date</u>	<u>Status</u>
Pump for Viscous Fluids	United States	963,136 10/19/92	5,297,945 03/29/94	Issued
Single Point Magnetic Contact Latch Assembly	United States	058,479 05/06/93	5,343,346 08/30/94	Issued
Swing-Type Actuator	United States	08/237,687 05/04/94	5,382,851 01/17/95	Issued
Machine for Assembling a Magnetic Latch	United States	08/157,995 11/26/93	5,406,696 04/18/95	Issued
Swing-Type Actuator and Device	United States	243,476 05/16/94	5,528,091 06/18/96	Issued
Single Point Magnetic Contact Latch Assembly	United States	295,237 08/24/94	5,541,790 07/30/96	Issued
Swing-Type Actuator	United States	08/578,553 01/04/96	5,656,877 08/12/97	Issued

19372.3

Schedule 2

Patents and Patent Applications

<u>Title of Invention</u>	<u>Country</u>	<u>App. No. and Filing Date</u>	<u>Patent No. and Issue Date</u>	<u>Status</u>
Single Point Contact Latch Assembly	United States	08/664,714 06/17/96	5,703,735 12/30/97	Issued
Pump Assembly	United States	08/436,170 05/09/95	5,725,362 03/10/98	Issued

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Schedule 2 (Cont'd)

Registered Copyrights

<u>Title</u>	<u>Registration No.</u>	<u>Country</u>	<u>Registration Date</u>
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Schedule 2 (Cont'd)

Licenses

<u>Name of Licensee</u>	<u>Licensed Intellectual Property</u>	<u>Date of License</u>	<u>Expiration Date</u>
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Schedule 3

Location of Collateral of Xolox Corporation

6932 Gettysburg Pike (General Offices and Manufacturing)

Fort Wayne, IN 46804

(Land, building, furniture and fixtures, computer equipment, manufacturing equipment, inventory)

7615 DiSalle Boulevard (Manufacturing)

Fort Wayne, IN 46825

(Furniture and fixtures, manufacturing equipment, leasehold improvements, inventory)

1415 Dividend Road (Manufacturing)

Fort Wayne, Indiana 46808

(Furniture and fixtures, manufacturing equipment, leasehold improvements, inventory)

2701 South Coliseum Boulevard (Storage)

Fort Wayne, Indiana 46803

(Inventory)

Number 994, Solok Perusahaan Tiga (General Offices and Manufacturing)

Kawasan Miel, Prai Industrial Park

13600, Prai, Penang, MALAYSIA

(Furniture and fixtures, manufacturing equipment, computer equipment, leasehold improvements, inventory)