

REC
TRA

01-25-2001

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



101592884

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

1. Name of conveying party(ies):

B.I. Incorporated
6400 Lookout Road
Boulder, CO 80301

1-11-01

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ XX Corporation-State - Colorado
☐ Other

Additional names(s) of conveying party(ies) ☐ Yes ☒ No

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

Name: National City Bank

Internal Address: _____

Street Address: 1900 East Ninth Street

City: Cleveland State: Ohio ZIP: 44114

Individual(s) citizenship
☒ XX Association National Banking Association

☐ General Partnership

☐ Limited Partnership

☐ Corporation-State

☐ Other

3. Nature of conveyance:

☐ Assignment ☐ Merger
☒ XX Security Agreement ☐ Change of Name
☐ Other

If assignee is not domiciled in the United States, a domestic designation is ☐ Yes ☐ No
(Designations must be a separate document from
Additional name(s) & address(es) ☐ Yes ☐ No

Execution Date: October 6, 2000

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

A. Trademark Application No.(s)

75/528,385 75/594,441 75/660,401
75/660,401 75/718,390 75/668,184
75/911,358

B. Trademark Registration No.(s)

1,700,280 1,702,924 1,698,836
1,788,412 1,701,490 1,856,407
2,307,826 2,407,060

Additional numbers

☐ Yes ☒ No

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

Name: Robert H. Earp, III

Benesch, Friedlander, Coplan & Aronoff

Internal Address: _____

Refund Ref:
01/25/2001 6TON11 0000101368

CHECK Refund Total: \$30.00
Street Address: 2300 BP America Building

200 Public Square

City: Cleveland State: OH ZIP: 44114

6. Total number of applications and patents involved:.....

15

7. Total fee (37 CFR 3.41):.....\$ 390.00

☒ X Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

02-2051

(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.

Robert H. Earp, III

Name of Person Signing

[Signature]
Signature

January 8, 2001

Date

Total number of pages including cover sheet, attachments, and

01/25/2001 6TON11 0000067 75528385

01 FC:481 40.00 0P

02 FC:482 350.00 0P

TRADEMARK
REEL: 002219 FRAME: 0470

INTELLECTUAL PROPERTY COLLATERAL ASSIGNMENT AGREEMENT

1. RECITALS.

KBII ACQUISITION COMPANY, INC., a Colorado corporation (together with its successors and assigns, "KBII"), is entering into the Credit Agreement, as hereinafter defined, with the financial institutions named in Schedule 1 attached to the Credit Agreement (collectively, "Lenders" and, individually, "Lender") and NATIONAL CITY BANK, as Agent for the Lenders ("Agent").

B.I. INCORPORATED, a Colorado corporation (together with its successors and assigns, "BI"), is a party to a loan facility (as amended and as in effect on the date hereof, "BI's Existing Loan Facility"), by and among the financial institutions party thereto and Bank One, Colorado, N.A., as agent for such financial institutions.

A portion of the proceeds of the Loans to be made under the Credit Agreement will be used by KBII to pay in full, on the date of this Agreement (as the same may from time to time be amended, restated or otherwise modified, this "Agreement"), for the account of BI, the unpaid principal of the loans made to BI under BI's Existing Loan Facility and outstanding on the date of this Agreement, all obligations of BI for fees and interest accrued under BI's Existing Loan Facility and unpaid as of the date of this Agreement, and any prepayment premiums owing by BI as of the date of this Agreement after giving effect to KBII's payment of the outstanding principal of the loans made to BI under BI's Existing Loan Facility as hereinbefore described.

On the date of this Agreement, following KBII's deposit with the Depositary (as hereinafter defined) of the purchase price for the Shares (as hereinafter defined) accepted for payment by KBII pursuant to the Offer (as hereinafter defined), KBII and BI intend to execute and deliver to Agent and the Lenders an agreement (the "Assumption Agreement"), dated of even date as this Agreement, pursuant to which, among other things, BI will, upon the Merger Completion (as hereinafter defined), be substituted for KBII under the Credit Agreement.

BI desires that the Lenders grant the financial accommodations to KBII as described in the Credit Agreement and the Assumption Agreement until the Merger Completion, whereupon, it is anticipated that, among other things, the separate corporate existence of KBII shall cease by operation of law.

Upon and after KBII's deposit with the Depositary of the purchase price for the Shares for payment by KBII pursuant to the Offer, not less than ninety percent (90%) of the Shares will be owned by KBII and, therefore, BI will be a direct subsidiary of KBII.

Upon and after the Merger Completion, it is anticipated that BI will be a direct and wholly-owned subsidiary of KBII Holdings, Inc., a Delaware corporation ("Holdings"), and BI desires that the Lenders grant the financial accommodations to BI as described in the Credit Agreement and the Assumption Agreement upon and after the Merger Completion, whereupon, it is anticipated that,

among other things, BI will succeed to the rights, and assume the obligations, of KBII by operation of law and the Assumption Agreement.

Accordingly, BI deems it to be in the direct pecuniary and business interests of BI that KBII obtain from the Lenders, prior to the Merger Completion, the Commitment, as defined in the Credit Agreement, and the Loans and Letters of Credit, as hereinafter defined, provided for in the Credit Agreement.

BI understands that Agent and the Lenders are willing to enter into the Credit Agreement and to grant financial accommodations to KBII thereunder only upon certain terms and conditions, one of which is that BI grant to Agent, for the benefit of the Lenders, a security interest in and collateral assignment of the Collateral, as hereinafter defined, and this Intellectual Property Collateral Assignment Agreement (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is being executed and delivered in consideration of each financial accommodation granted to KBII by the Lenders and for other valuable considerations.

2. DEFINITIONS. As used in this Agreement, the following terms shall have the following meanings:

2.1. "Assignment" shall mean an Assignment in the form of Exhibit A hereto.

2.2. "Collateral" shall mean, collectively, all of BI's existing and future (a) patents, patent registrations, patent applications, patent licenses, technology licenses, trade secrets, know-how, trademarks, trademark registrations, trademark applications, trademark licenses, trade names, service marks, domain names, copyright registrations and copyright licenses, whether federal or state, including, but not limited to, those listed on Schedule 1 hereto (as such Schedule 1 may from time to time be amended, supplemented or otherwise modified); (b) common law trademark rights, copyrights, improvements and inventions; (c) renewals, proceeds on infringement suits, and rights to sue for past, present and future infringements relating to any of the foregoing; (d) goodwill associated with any of the foregoing; (e) royalties; and (f) proceeds of any of the foregoing.

2.3. "Credit Agreement" shall mean the Credit and Security Agreement executed by and among KBII, Agent and the Lenders and dated as of the 6th day of October, 2000, as the same may from time to time be amended, restated or otherwise modified or replaced.

2.4. "Debt" means, collectively, (a) all Indebtedness incurred by KBII to Agent or the Lenders pursuant to the Credit Agreement and includes the principal of and interest on all Notes; (b) each extension or renewal thereof under the Credit Agreement in whole or in part; (c) the commitment and other fees, and any prepayment premium payable thereunder; (d) all obligations and liabilities of KBII now existing or hereafter incurred to Agent or any Lender under, arising out of, or in connection with any Hedge Agreement, as defined in the Credit Agreement; and (e) all Related Expenses.

2.5. "Depository" shall mean Computershare Investor Services LLC.

2.6. "Event of Default" shall mean an event or condition that constitutes an event of default pursuant to Section 8 hereof.

2.7. "Letter of Credit" shall mean any Letter of Credit, as defined in the Credit Agreement, issued pursuant to the Credit Agreement.

2.8. "Loan" shall mean any Loan, as defined in the Credit Agreement, granted pursuant to the Credit Agreement.

2.9. "Merger Completion" shall have the meaning ascribed to in the Credit Agreement.

2.10. "Offer" shall mean the offer, dated August 18, 2000, of KBII to purchase all of the outstanding Shares, at a purchase price of \$8.25 per share, net to the seller in cash, without interest.

2.11. "Person" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

2.12. "Shares" shall mean shares of common stock, no par value per share, of BI, inclusive of their respective common stock purchase rights.

Except as specifically defined herein, capitalized terms used in this Agreement that are defined in the Credit Agreement shall have their respective meanings ascribed to them in the Credit Agreement.

3. GRANT OF ASSIGNMENT AND SECURITY INTEREST. In consideration of and as security for the full and complete payment of all of the Debt, BI hereby agrees that Agent, for the benefit of the Lenders, shall at all times have, and hereby grants to Agent, for the benefit of the Lenders, a security interest in and collateral assignment of all of the Collateral, including (without limitation) all of BI's future Collateral, irrespective of any lack of knowledge by Agent or any Lender of the creation or acquisition thereof.

4. REPRESENTATIONS AND WARRANTIES. BI represents and warrants to Agent and the Lenders that:

(a) BI owns all of the Collateral and, whether the same are registered or unregistered, no such Collateral has been adjudged invalid or unenforceable.

(b) BI has no knowledge of any claim that the use of any of the Collateral does or may violate the rights of any Person.

(c) Except for liens permitted pursuant to Section 5.9 of the Credit Agreement and except for licenses permitted pursuant to Section 5 hereof, BI is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by BI not to sue third Persons.

(d) BI has not transferred any interest in or license of the Collateral to any Person.

(e) BI has full power, authority and legal right to pledge the Collateral and enter into this Agreement and perform its terms.

(f) BI has used, and shall continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of the Collateral, except where the failure to do so will not have a material adverse effect on BI.

5. FURTHER ASSIGNMENT PROHIBITED. BI shall not enter into any agreement that is inconsistent with BI's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the Collateral without Agent's prior written consent. Absent such prior written consent, any attempted sale or license is null and void.

6. RIGHT TO INSPECT. BI hereby grants to Agent and its employees and agents the right, during regular business hours, to visit any location of BI or, if applicable, any other location, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours, at BI's expense.

7. STANDARD PATENT AND TRADEMARK USE. BI shall not use the Collateral in any manner that would jeopardize the validity or legal status thereof. With respect to the Collateral, BI shall (a) comply with all patent marking requirements as specified in 35 U.S.C. §287, and (b) further conform their respective usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and SM where appropriate.

8. EVENT OF DEFAULT.

(a) The occurrence of any of the following shall constitute an "Event of Default" under this Agreement (i) if an Event of Default, as defined in the Credit Agreement, shall occur under the Credit Agreement, or (ii) if BI shall fail to fully perform or omit to perform in any material respect any agreement or other provision contained or referred to in this Agreement and such failure to perform or omission to perform shall not have been fully corrected within fifteen (15) days after the giving of written notice thereof to BI by Agent that such failure or omission is to be remedied.

(b) BI expressly acknowledges that Agent shall record this Agreement with the United States Patent and Trademark Office in Washington, DC. Contemporaneously herewith, BI shall also

execute and deliver to Agent the Assignment, which Assignment shall have no force and effect and shall be held by Agent, in escrow, until the occurrence of an Event of Default; provided that, anything herein to the contrary notwithstanding, the security interest and collateral assignment granted herein shall be effective as of the date of this Agreement. After the occurrence of an Event of Default (unless such Event of Default has been cured or waived prior to Agent providing the notice provided for this paragraph), the Assignment shall take effect immediately upon certification of such fact by an authorized officer of Agent in the form reflected on the face of the Assignment and written notice to BI and Agent may, in its sole discretion, record the Assignment with the United States Patent and Trademark Office.

(c) BI irrevocably authorizes and empowers Agent, upon the occurrence of an Event of Default, to terminate BI's use of the Collateral and to exercise such rights and remedies as allowed by law. Without limiting the generality of the foregoing, Agent may immediately sell at public or private sale or otherwise realize upon, in a commercially reasonable manner, from time to time, any of the Collateral, together with the associated goodwill, or any interest that BI may have therein, and, after deducting from the proceeds of sale or other disposition of the Collateral all reasonable expenses (including all attorneys' fees and brokers' fees), Agent shall apply such proceeds against payment of the Debt. Any remainder of the proceeds, after payment in full of the Debt, shall be distributed in accordance with the terms of the Credit Agreement. Notice of any sale or other disposition of the Collateral shall be given to BI at least ten (10) Business Days before the time of any intended public or private sale or other disposition of the Collateral is to be made, which BI hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition Agent or any Lender may, to the extent permissible under applicable law, purchase the whole or any part of the Collateral sold, free from any right of redemption on the part of BI, which right is hereby waived and released.

9. TERMINATION. At such time as the Debt has been irrevocably paid in full, the Commitment, as defined in the Credit Agreement, terminated, and the Credit Agreement terminated, this Agreement shall terminate and, upon written request of BI, Agent shall execute and deliver to BI all deeds, assignments, and other instruments as may be necessary or proper to release Agent's security interest in and assignment of the Collateral and to re-vest in BI full title to the Collateral, subject to any disposition thereof that may have been made by Agent pursuant hereto.

10. MAINTAINING COLLATERAL; ATTORNEYS' FEES, COSTS AND EXPENSES. BI shall have the obligation and duty to perform all acts necessary to maintain or preserve the Collateral, provided that BI shall not be obligated to maintain any Collateral in the event BI determines, in the reasonable business judgment of BI, that such Collateral is no longer necessary in BI's business. Any and all reasonable fees, costs and expenses, of whatever kind or nature, including, without limitation, attorneys' fees and legal expenses incurred by Agent or any Lender in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise

protecting, maintaining or preserving the Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by BI, upon demand by Agent, and, until so paid, shall be added to the principal amount of the Debt.

11. **BI'S OBLIGATION TO PROSECUTE.** Except as otherwise agreed to by Agent in writing, BI shall have the duty to prosecute diligently any patent application or trademark application pending as of the date of this Agreement or thereafter until the Debt shall have been paid in full, to file and prosecute opposition and cancellation proceedings and to do any and all acts that are necessary or desirable to preserve and maintain all rights in the Collateral, including, but not limited to, payment of any maintenance fees; provided that BI shall not be obligated to do any of the foregoing to any Collateral in the event BI determines, in the reasonable business judgement of BI, that such Collateral is no longer necessary in BI's business. Any expenses incurred in connection with the Collateral shall be borne by BI. BI shall not abandon any Collateral without the prior written consent of Agent, unless such abandonment will not have a material adverse effect on BI or such abandonment is in connection with the abandonment of a product or product line.

12. **AGENT'S RIGHT TO ENFORCE.** BI shall have the right to bring any opposition proceeding, cancellation proceeding or lawsuit in its own name to enforce or protect the Collateral. Agent and the Lenders shall have the right, but shall have no obligation, to join in any such action. BI shall promptly, upon demand, reimburse and indemnify Agent for all damages, reasonable costs and expenses, including attorneys' fees, incurred by Agent in connection with the provisions of this Section 12, in the event Agent elects to join in any such action commenced by BI.

13. **POWER OF ATTORNEY.** BI hereby authorizes and empowers Agent, on behalf of the Lenders, to make, constitute and appoint any officer or agent of Agent as Agent may select, in its exclusive discretion, as BI's true and lawful attorney-in-fact, with the power to endorse, after the occurrence and during the continuance of an Event of Default, BI's name on all applications, documents, papers and instruments necessary for Agent to use the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third party, or necessary for Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral, together with associated goodwill to a third party or parties. BI hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

14. **AGENT'S RIGHT TO PERFORM OBLIGATIONS.** If BI fails to comply with any of its obligations under this Agreement, Agent, on behalf of the Lenders, may, but is not obligated to, do so in BI's name or in Agent's name, but at BI's expense, and BI hereby agrees to reimburse Agent on demand in full for all expenses, including attorneys' fees, incurred by Agent in protecting, defending and maintaining the Collateral.

15. **ADDITIONAL DOCUMENTS.** BI shall, upon written request of Agent, enter into such additional documents or instruments as may be required by Agent in order to effectuate, evidence or perfect Agent's interests in the Collateral as evidenced by this Agreement.

16. NEW COLLATERAL. If, before the Debt shall have been satisfied in full and the Commitment terminated, BI shall obtain rights to any new Collateral, the provisions of Section 1 shall automatically apply thereto as if the same were identified on Schedule 1 as of the date hereof and BI shall give Agent prompt written notice thereof.

17. MODIFICATION FOR NEW COLLATERAL. BI hereby authorizes Agent to modify this Agreement by amending Schedule 1 to include any future Collateral as contemplated by Sections 1 and 16 hereof and, at Agent's request, BI shall execute any documents or instruments required by Agent in order to modify this Agreement as provided in this Section 17, provided that any such modification to Schedule 1 shall be effective without the signature of BI.

18. NO WAIVER. No course of dealing between BI and Agent and the Lenders, nor any failure to exercise, nor any delay in exercising, on the part of Agent or the Lenders, any right, power or privilege hereunder or under any of the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

19. REMEDIES CUMULATIVE. All of the rights and remedies of Agent and the Lenders with respect to the Collateral, whether established hereby or by the Loan Documents, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

20. SEVERABILITY. The provisions of this Agreement are severable, and, if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

21. MODIFICATIONS. Subject to Section 17 hereof, this Agreement may be amended or modified only by a writing signed by BI and Agent. In the event that any provision of this Agreement is deemed to be inconsistent with any provision of any other document, other than the Credit Agreement, the provisions of this Agreement shall control.

22. ASSIGNMENT AND SUCCESSORS. This Agreement shall not be assigned by BI without the prior written consent of Agent. This Agreement shall bind the successors and permitted assigns of BI and shall benefit the respective successors and assigns of Agent and the Lenders. Any attempted assignment or transfer without the prior written consent of Agent shall be null and void.

23. NOTICE. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to BI, mailed or delivered to it, addressed to it at the address specified on the signature page of this Agreement, if to Agent or a Lender, mailed or delivered to it, addressed to the address of Agent or such Lender specified on the signature pages of the Credit Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other

communications provided for hereunder shall be deemed to be given or made when delivered or (a) seventy-two (72) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, (b) sent by facsimile with telephonic confirmation of receipt, or (c) twenty-four (24) hours after being deposited with a national overnight delivery service, prepaid and addressed as aforesaid for delivery on the next succeeding Business Day, except that notices from BI to Agent or the Lenders pursuant to any of the provisions hereof shall not be effective until received by Agent or the Lenders.

24. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Ohio, without regard to principles of conflicts of law. BI hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, any Loan Document or any Related Writing, and BI hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. BI hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. BI agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

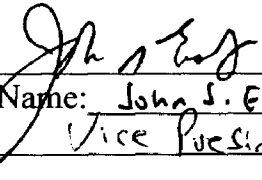
[Remainder of page intentionally left blank.]

25. JURY TRIAL WAIVER. BI, AND BY ITS ACCEPTANCE OF THE BENEFITS HEREOF, AGENT AND EACH OF THE LENDERS, WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BI, AGENT AND EACH LENDER, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY AGENT'S OR ANY LENDER'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY PROVISION CONTAINED IN ANY NOTE OR OTHER GUARANTY OF PAYMENT, INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BI, AGENT AND EACH LENDER, OR ANY THEREOF.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the 6th day of October, 2000.

Address: 2300 Lookout Drive
Boulder, Colorado 80301

B.I. INCORPORATED

By: 
Print Name: John S. Eastburn, Jr.
Title: Vice President

ACKNOWLEDGMENTS

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared John S. Egis Havel, V.P., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said B.I. INCORPORATED, a Colorado corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 6th day of October, 2000.



NOTARY PUBLIC

THOMAS W. OSTROWSKI, ATTORNEY AT LAW
NOTARY PUBLIC - STATE OF OHIO
MY COMMISSION HAS NO EXPIRATION DATE
SECTION 147.03 R.C.

SCHEDULE 1

EXHIBIT A

FORM OF ASSIGNMENT

THIS DOCUMENT SHALL BE HELD BY AGENT IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT, DATED AS OF OCTOBER 6, 2000 (AS THE SAME MAY FROM TIME TO TIME BE AMENDED, RESTATED OR OTHERWISE MODIFIED, THE "AGREEMENT"), EXECUTED BY B.I. INCORPORATED ("BI") IN FAVOR OF NATIONAL CITY BANK, AS AGENT FOR THE LENDERS, AS DEFINED IN THE AGREEMENT (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "AGENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF AGENT CERTIFIES THAT AN EVENT OF DEFAULT (AS DEFINED IN THE AGREEMENT) HAS OCCURRED AND THAT AGENT HAS ELECTED TO TAKE POSSESSION OF THE COLLATERAL (AS DEFINED BELOW) ON BEHALF OF AND FOR THE BENEFIT OF THE LENDERS AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

NATIONAL CITY BANK

By: _____
Print Name: _____
Title: _____
Date: _____

ASSIGNMENT

WHEREAS, B.I. INCORPORATED, a Colorado corporation ("BI"), is the owner of the Collateral, as hereinafter defined;

WHEREAS, BI has executed an Intellectual Property Collateral Assignment Agreement, dated as of October 6, 2000 (as the same may from time to time be amended, restated or otherwise modified, the "Agreement") in favor of NATIONAL CITY BANK, as Agent for the Lenders, as defined in the Agreement ("Agent"), pursuant to which BI has granted to Agent, for the benefit of the Lenders, a security interest in and collateral assignment of the Collateral as security for the Debt, as defined in the Agreement;

WHEREAS, the Agreement provides that the security interest in and collateral assignment of the Collateral is effective as of the date of the Agreement;

WHEREAS, the Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default, as defined in the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound hereby, BI, its successors and assigns, subject to the limitations stated in the paragraph immediately following, does hereby transfer, assign and set over unto Agent, its successors, transferees and assigns, all of its existing and future (a) patents, patent registrations, patent applications, patent licenses, technology licenses, trade secrets, know-how, trademarks, trademark registrations, trademark applications, trademark licenses, trade names, service marks, domain names, copyright registrations and copyright licenses, whether federal or state; (b) common law trademark rights, copyrights, improvements and inventions; (c) renewals, proceeds on infringement suits, and rights to sue for past, present and future infringements relating to any of the foregoing; (d) goodwill associated with any of the foregoing; (e) royalties; and (f) proceeds of any of the foregoing (collectively, the "Collateral"), including, but not limited to, the Collateral listed on Schedule 1 hereto that is registered in the United States Patent and Trademark Office in Washington, D.C. or that is the subject of pending applications in the United States Patent and Trademark Office.

This Assignment shall be effective only upon the certification of an authorized officer of Agent, as provided above, that (a) an Event of Default, as defined in the Agreement, has occurred, and (b) Agent has elected to take actual title to the Collateral.

IN WITNESS WHEREOF, the undersigned has caused this Assignment to be executed by its duly authorized officer on October 6, 2000.

ATTEST:

B.I. INCORPORATED

By: _____

Printed Name: _____

Print Name: _____

Title: _____

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said B.I. INCORPORATED, a Colorado corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 6th day of October, 2000.

NOTARY PUBLIC

SCHEDULE 1 TO EXHIBIT A

DRAFT - 10/4/00

**TRADEMARK INFORMATION (NOT AVAILABLE IN ELECTRONIC FORMAT) -
ATTACHMENT TO SCHEDULE 3.19 from Schedules Dated 8/10/00**

BIING. TRADEMARKS

PRINTED ON: 2/9/2000 PAGE 1

WATER/	COUNTRY	FILED	APPL/	REGDT	REG/	STATUS	CLASSES	CRE/
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BL 9000. HOME. ESCORT

12755-051	UNITED STATES					PROPOSED		56463
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Notes: TO BE FILED. AWAITING USE DATES FROM JOHN BLAKELY.

BL 9020. DRIVE-BI

12755-052	UNITED STATES					PROPOSED		56464
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Notes: TO BE FILED. AWAITING ADEQUATE SPECIMENS.

9200. REACT

55-053	UNITED STATES					PROPOSED		56465
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Notes: TO BE FILED. AWAITING USE DATES FROM JOHN BLAKELY.

AND. DESIGN (BL LOGO)

55-047	UNITED STATES	3/4/1991	74/144,116	7/14/1992	1,700,280	REGISTERED	09	50576
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Notes: 6/12/98 TRS (TRADEMARK SERVICE) IS NOW HANDLING. TRS NO. 133648TM

09. - ELECTRONIC MONITORING EQUIPMENT, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO. DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND LOG THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT

CONTINUUM

55-045	UNITED STATES	8/30/1993	74/429,555			ABANDONED	09	54715
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09. - SOFTWARE FOR USE WITH ELECTRONIC MONITORING EQUIPMENT THAT ELECTRONICALLY LOGS PERSONAL CONTACTS OF INDIVIDUALS WHO ARE SUBJECT TO MONITORING REQUIREMENTS SUCH AS PERSONS UNDER HOUSE ARREST OR COURT ORDERED MONITORING REQUIREMENTS

2. CONTRAC

12755-055	UNITED STATES	3/4/1991	74/144,117	7/21/1992	1,701,496	ABANDONED	9	50573
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Notes: CANCELLED 6/12/98 PER CLIENT. TRS NO. 132649TM

9. - ELECTRONIC MONITORING EQUIPMENT, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO. DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND LOG THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT

1. DRIVE-BI

2755-046	UNITED STATES	2/3/1991	74/137,642	7/25/1992	1,702,924	REGISTERED	09	50575
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Notes: 6/12/98 TRS (TRADEMARK SERVICE) IS NOW HANDLING. TRS NO. 131431TM

09. - ELECTRONIC MONITORING EQUIPMENT, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO. DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND LOG THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT

HOME. ESCORT

27	9	UNITED STATES	2/8/1991	74/137,641	7/7/1992	1,598,836	REGISTERED	09	50572
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Notes: 6/12/98 TRS (TRADEMARK SERVICE) IS NOW HANDLING. TRS NO. 134830TM

09. - ELECTRONIC MONITORING EQUIPMENT, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO. DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND LOG THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT

ATTACHMENT TO SCHEDULE 3 19

CONFIDENTIAL

TRADEMARKS

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COUNTRY	FILED	APPL#	REGDT	REG#	STATUS	CLASSES	CRF
UNITED STATES					PROPOSED	56466	
Notes: TO BE FILED. AWAITING ADEQUATE SPECIMENS.							
UNITED STATES	11/23/1992	74/533,345	8/17/1993	1,788,412	REGISTERED	42	53380
- PERSONNEL MONITORING SERVICES IN THE FIELD OF HOUSE ARREST, PAROLE MANAGEMENT AND FOLLOWUP, AND AGENCY SUPERVISION OF PERSONS ON PAROLE OR PROBATION							
UNITED STATES	2/8/1991	74/137,800	7/21/1992	1,701,490	REGISTERED	09	50574
Notes: 6/12/98 TRS (TRADEMARK SERVICE) IS NOW HANDLING. TRS NO. 132834TM.							
- ELECTRONIC MONITORING EQUIPMENT; NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT							
UNITED STATES	1/4/1991	74/127,078	12/21/1993	1,812,734	ABANDONED	09	51015
Notes: 11/15/99 - PER CLIENT - DO NOT FILE SEC. 8 & 15 AFFIDAVITS. CONFIRMATION LTR. IN FILE.							
- ELECTRONIC MONITORING EQUIPMENT; NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO DIALERS, AND CELLULAR TELEPHONES, CONFIGURED TO MONITOR, REPORT, AND THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS AT A REMOTE LOCATION IN A HOUSE ARREST ENVIRONMENT							
UNITED STATES	7/30/1998	75/528,385			PENDING	35	
- COMPUTER SOFTWARE FOR USE IN THE CORRECTIONS INDUSTRY FOR DOCUMENTING, STORING, AND MONITORING DATA PERTAINING TO PAROLEES AND OTHER OFFENDERS							
UNITED STATES	9/8/1985	557,340	10/7/1988	1,412,084	ABANDONED	09	49705
Notes: REGISTRATION ABANDONED IN ACCORDANCE WITH CLIENTS REQUEST BY NOT FILING A 5 YEAR AFFIDAVIT OF CONTINUING USE.							
- ELECTRONIC SECURITY MONITORING SYSTEM, NAMELY, RADIO, TRANSMITTER AND RECEIVER, AUTOMATIC TELEPHONE DIALING UNIT AND TELEPHONE RECORDING UNIT							
UNITED STATES	11/24/1998	75/594,440			PENDING	042	
- ELECTRONIC MONITORING SERVICES, NAMELY, REMOTE MONITORING OF PERSONS, HOME ARREST, COMMUNITY CORRECTIONS AND FOLLOW-UP, AND AGENCY SUPERVISION OF PERSONS ON PRETRIAL, PAROLE OR PROBATION							
UNITED STATES	3/15/1999	75/660,400			PENDING	42	
- PROVIDING HOUSE ARREST, PROBATION, PRETRIAL, PAROLE OR OTHER ORDERS MONITORING SERVICES FOR OTHERS THROUGH THE USE OF A COMPUTER HARDWARE AND SOFTWARE SYSTEM							

** TOTAL PAGE 03 **

BING TRADEMARKS

PRINTED ON 2/9/2000

PAGE 3

MATTER#	COUNTRY	FILED	APPL#	REGIT	REG#	STATUS	CLASSES	CRF#
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GUARD...

12756-214	UNITED STATES					MAILED	42	
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42. - MONITORING SERVICES IN THE FIELD OF THE CORRECTIONS INDUSTRY, NAMELY, REMOTE MONITORING OF INDIVIDUALS UNDER HOUSE ARREST, PROBATION, PRETRIAL PAROLE, OR OTHER INDIVIDUALS FOR WHOM MONITORING IS COURT ORDERED, REQUIRED, OR SELECTED, AND INCLUDING THE USE OF REMOTE CLIENT NODES CONNECTED VIA COMMUNICATION NETWORKS TO COMPUTER SERVERS BASED IN A MONITORING CENTER(S)

GUARDSERVER

12756-213	UNITED STATES					MAILED	09	
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09. - COMPUTER AND TELECOMMUNICATIONS HARDWARE AND SOFTWARE, AND NETWORKING EQUIPMENT USED IN THE FIELD OF THE CORRECTIONS INDUSTRY FOR THE PURPOSE OF ELECTRONIC MONITORING OF REMOTE FIELD EQUIPMENT

GUARDWARE

12756-207	CANADA	9/14/1999	1028849			PENDING	09	
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09. - COMPUTER SOFTWARE FOR REMOTE ELECTRONIC MONITORING OF THE LOCATION OF INDIVIDUALS OR FOR REMOTELY SUPERVISING AND COMMUNICATING WITH INDIVIDUALS UNDER HOUSE ARREST OR COURT ORDERED MONITORING REQUIREMENTS AND WITH PERSONS AND ORGANIZATIONS MONITORING SUCH INDIVIDUALS

12756-208	EUROPEAN UNION	9/10/1999	001305010			PENDING	09	
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09. - COMPUTER SOFTWARE FOR REMOTE ELECTRONIC MONITORING OF THE LOCATION OF INDIVIDUALS OR FOR REMOTELY SUPERVISING AND COMMUNICATING WITH INDIVIDUALS UNDER HOUSE ARREST OR COURT ORDERED MONITORING REQUIREMENTS AND WITH PERSONS AND ORGANIZATIONS MONITORING SUCH INDIVIDUALS

12756-197	UNITED STATES	3/15/1999	75/660,401			PENDING	09	
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09. - COMPUTER SOFTWARE FOR REMOTE ELECTRONIC MONITORING OF THE LOCATION OF INDIVIDUALS OR FOR REMOTELY SUPERVISING AND COMMUNICATING WITH INDIVIDUALS UNDER HOUSE ARREST OR COURT ORDERED MONITORING REQUIREMENTS AND WITH PERSONS AND ORGANIZATIONS MONITORING SUCH INDIVIDUALS

HOMEGUARD

12756-212	UNITED STATES					MAILED	09	
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09. - ELECTRONIC MONITORING EQUIPMENT FOR USE IN THE CORRECTIONS INDUSTRY, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, AUTO DIALERS, AND CELLULAR TELEPHONES CONFIGURED TO MONITOR, REPORT, AND LOG THE IDENTIFICATION AND PRESENCE OF INDIVIDUALS FROM A REMOTE LOCATION

PROFILE PLUS

12756-044	UNITED STATES	12/28/1992	74/343,691	9/27/1994	1,856,407	REGISTERED	35	53902
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35. - COMPUTERIZED DATA PROCESSING SERVICES TO MONITOR THE STATUS OF PERSONS ON PAROLE, PROBATION AND UNDER HOUSE ARREST BY MEANS OF TELEPHONE

REPORTGUARD

12756-202	UNITED STATES	5/1/1999	75/718,390			PENDING	42	
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42. - ELECTRONIC MONITORING SERVICES, NAMELY, MONITORING, TRACKING AND REPORTING TO LAW ENFORCEMENT, ORGANIZATIONS AND OTHER AGENCIES OR ENTITIES INFORMATION REGARDING INDIVIDUALS UNDER PROBATION, PRETRIAL DETENTION, PAROLE, HOME ARREST OR OTHER SUPERVISION AND PROVIDING SUCH INDIVIDUALS UNDER STRICT REMOTE ACCESS TO SUCH MONITORING INFORMATION VIA A GLOBAL COMPUTER NETWORK

** TOTAL PAGE. 03 **

TRADEMARKS

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	COUNTRY	FILED	APPL#	REGDT	REG#	STATUS	CLASSES	CRF
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1	UNITED STATES	11/24/1998	75/594,441			PENDING	09	
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- ELECTRONIC MONITORING EQUIPMENT, NAMELY, TRANSMITTERS, RECEIVERS, COMPUTERS, SATELLITE PROCESSORS, AUTO DIALERS, AND CELLULAR TELEPHONES CONFIGURED TO MONITOR, REPORT, LOG AND TRACK THE MOVEMENTS AND PRESENCE OF INDIVIDUALS AT REMOTE LOCATIONS

9	CANADA	11/12/1997	878341			PENDING	09	
Notes: BASED ON US APP. 75/388,252 FILED 11/12/97 (CBJ FILE 12756-157). CANADIAN FILING DATE 5/12/98.								

- ELECTRONIC DEVICE FOR TESTING BREATH ALCOHOL CONTENT

8	EUROPEAN UNION	5/12/1998	821371			PENDING	09	
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- ELECTRONIC ALCOHOL TESTING PRODUCT

17	UNITED STATES	11/12/1997	75/388,252	1/11/2000	2,307,826	REGISTERED	09	
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- ALCOHOL TESTING DEVICE USED TO DETERMINE THE ALCOHOL CONTENT OF A BREATH SAMPLE FOR FIELD SOBRIETY TESTS AND FOR REMOTE MONITORING

10	UNITED STATES	3/25/1999	75/668,184			PENDING	42	
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- MONITORING SERVICES, NAMELY, REMOTE MONITORING OF INDIVIDUALS UNDER HOUSE ARREST, PROBATION, PRETRIAL, PAROLE, OR OTHER INDIVIDUALS FOR WHOM MONITORING IS REQUIRED OR SELECTED, AND INCLUDING VERIFICATION OF INDIVIDUALS IDENTIFICATION BY VOICE OR SPEECH RECOGNITION AND ANALYSIS

13	UNITED STATES					ABANDONED		
Notes: VOICEGUARD TM APP. NOT PURSUED DUE TO VOICE GARDIAN PENDING APP. OWNED BY KEYWARE TECHNOLOGIES.								

END OF REPORT

TOTAL ITEMS SELECTED = 30

BI Incorporated
Update - Status Report
Effective Date: October 3, 2000

The following chart of patent and trademark matters for BI Incorporated is an update to the status report dated August 10, 2000.

Note that for your convenience we have included all filings since July 26, 2000. Also attached is a full status report as of September 28, 2000.

Our File No.	Patent/ Trademark	Title/Description	Country	Status/Action	Date Filed
12756-179	Trademark	CASETRAX	U.S.	Office Action Response	7-26-00
12756-214	Trademark	GUARDNET	U.S.	Office Action Response	9-22-00
12756-220	Trademark	GUARDSERVER	Canada	Filed application	8-08-00
12756-197	Trademark	GUARDWARE	U.S.	Allowed	9-12-00
12756-197	Trademark	HOMEGUARD	Canada	Filed application	8-08-00
12756-202	Trademark	REPORTGUARD	U.S.	Statement of Use	9-22-00
12756-200	Trademark	TELGUARD	U.S.	Office Action Response	8-22-00
12756-074	Patent	Electronic House Arrest System Having Officer Safety Reporting Feature	U.S.	Second Maintenance Fee payment	8-23-00
12756-150	Patent	Cellular Position Locating System	Australia	Annuitly payment	8-11-00
12756-148	Patent	Cellular Position Locating System	Canada	Annuitly payment	8-11-00

DRAFT - 10/4/00**Schedule 3.19 – Intellectual Property**

1. Trademarks, Trade names, Service Marks, Copyrights – schedule of updates since 8/10/00 merger agreement attached
2. Intellectual Property rights (patents) – schedule of updates since 8/10/00 merger agreement attached
3. Instantel License Agreement 9/25/97
License agreement for use of U.S. Patent No. 5,374,921 by Target in the criminal justice market
4. Eastern Investments License Acknowledgement 8/30/99
Exclusive, irrevocable worldwide right agreement with Eastern Investments, LLC for license and sublicense the use of the patent rights as, inter alia, US Patent No. 5,043,736 (with Reexamination Certificate No. BI 4,043,736) and Australian Patent No. 645114, Canadian Patent Application No. 2,089,818-8, and Japanese Patent Application No. 215469/91
5. On June 9, 2000 the target was notified of a possible infringement of U.S. Trademark Registration NO. 1,855,592 entitled TELGUARD. Target has reached a settlement agreement which includes six (6) months to incorporate a new name, remove all advertising, bids, etc from the marketplace. No monetary settlement was made.

Patents – Excel Spreadsheet