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Submission Type

- New
- Resubmission  
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
- Change of Name                      Month    Day    Year
- Other    August    10,    2000

Conveying Party

Mark if additional names of conveying parties attached

Enter Additional Conveying Party

Name                      PACIFIC COAST TECHNOLOGIES, INC. .

Execution Date

Formerly

Month    Day    Year

August    10,    2000

- Individual                       General Partnership                       Limited Partnership                       Limited Liability Corporation
- State of Incorporation - DELAWARE

Receiving Party

Mark if additional names of receiving attached

Name                      PNC BANK, NATIONAL ASSOCIATION

DBA/AKA/TA

Composed of

Address (line 1)                      TWO TOWER CENTER BOULEVARD

Address (line 2)

Address (line 3)    City EAST BRUNSWICK                      State/Country NEW JERSEY                      Zip Code 08816

- Individual                       General Partnership                       Limited Partnership                       If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- NATIONAL BANKING ASSOCIATION
- State of Incorporation

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**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  
(617) 570-1310Name **Marie M. Nuguid, Senior Legal Assistant**Address (line 1) **Goodwin Procter LLP**Address (line 2) **Exchange Place**Address (line 3) **53 State Street**Address (line 4) **Boston, MA 02109-2881****Page**Enter the total number of pages of the attached conveyance document  
including any attachments.

25

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

Mark if additional numbers attached.

**Trademark Registration Numbers:**

797,101 (OEEO and design)

804,567 (OEEO)

**Trademark Application Numbers:****Number of Properties**

Enter the total number of properties involved

2

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$65.00

Method of Payment:

Enclosed Deposit Account 

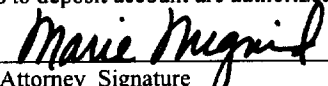
Deposit Account

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

Deposit Account Number: # 07-1700

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.

Marie M. Nuguid, Senior Paralegal  
Attorney Name  
Attorney SignatureMay 25, 2001  
Date Signed

INTELLECTUAL PROPERTY SECURITY AGREEMENT

August 11, 2000

from

OECO, LLC

to

PNC BANK, NATIONAL ASSOCIATION  
(AS LENDER AND AS AGENT)

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## SCHEDULES

- Schedule I - Patents and Patent Applications
- Schedule II - Trademark Registrations and Applications
- Schedule III - Copyright Registrations and Applications
- Schedule IV - Licenses

## EXHIBITS

- Exhibit A Form of Intellectual Property Security Agreement Supplement

# INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT dated as of August 11, 2000, made by OECO, LLC, a limited liability company organized under the laws of the State of Delaware (the "Grantor"), for the benefit of PNC Bank, National Association, a national banking association, as Agent (the "Agent") for the lenders (the "Lenders") from time to time party to the Credit Agreement (as defined below). All capitalized terms used herein, unless otherwise defined, shall be defined as provided in the Credit Agreement.

WHEREAS, the Grantor, OECO Holdings LLC ("Holdings"), the Lenders, and the Agent have entered into a Revolving Credit, Term Loan and Security Agreement dated as of August 11, 2000 (as at any time amended, modified or supplemented, the "Credit Agreement"), pursuant to which the Lenders have extended certain credit facilities to the Grantor;

WHEREAS, it is a condition to the making of the Advances under the Credit Agreement that the Grantor enter into this Intellectual Property Security Agreement;

WHEREAS, the Grantor's access to the credit facilities to be extended by the Lenders will confer direct benefits on the Grantor, and the Grantor's execution, delivery and performance of this Security Agreement are in furtherance of the Grantor's purposes and are necessary or convenient to the conduct, promotion or attainment of the Grantor's business.

NOW THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Grant of Security. The Grantor hereby grants and pledges to the Agent for its benefit a security interest in the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Grantor, and whether now or hereafter existing (collectively, the "Intellectual Property Collateral"):

(a) all patents, patent applications and patentable inventions, including, without limitation, each patent identified in Schedule I attached hereto and made a part hereof and each patent application identified in such Schedule I, and including, without limitation, (i) all inventions and improvements described and claimed therein and the right to make, use or sell the same, (ii) the right to sue or otherwise recover for any misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past and future infringements thereof), and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (the "Patents");

(b) all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations and any renewals thereof, including, without limitation, each registration and

application identified in Schedule II attached hereto and made a part hereof, and including, without limitation, (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (ii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iii) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (the "Trademarks");

(c) all copyrights, whether statutory or common law, and whether or not the underlying works of authorship have been published, and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, and any renewals or extensions thereof, including, without limitation, each copyright registration and copyright application identified in Schedule III attached hereto and made a part hereof, and including, without limitation, (i) the right to reproduce, prepare derivative works, distribute copies, perform or display any of the foregoing, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iv) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto (the "Copyrights");

(d) all license agreements with any other Person in connection with any of the Patents, Trademarks or Copyrights, or such other Person's patents, trade names, trademarks, service marks, copyrights or works of authorship, or other intellectual property, whether the Grantor is a licensor or licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule IV attached hereto and made a part hereof and any right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Security Agreement) now or hereafter owned by the Grantor and now or hereafter covered by any such licenses (the "Licenses" and each a "License"); and

(e) all proceeds of any of the foregoing Patents, Trademarks, Copyrights and Licenses, including, without limitation, any claims by any Guarantor against third parties for infringement of the Patents, Trademarks, Copyrights or Licenses.

**SECTION 2. Security for Lender Obligations.** This Agreement secures the payment of all obligations of the Grantor now or hereafter existing under the Credit Agreement and all other documents or agreements executed in connection therewith, whether for principal, interest, fees, expenses or otherwise (the "Secured Obligations").

**SECTION 3. Grantor Remains Liable.** Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Intellectual Property Collateral to which it is a party to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent of any of the rights or remedies hereunder shall not release the Grantor from any of its duties or obligations under any of the contracts and agreements included in the Intellectual Property Collateral, and (c) the Agent shall have no obligation or liability under any of the contracts and agreements included in the Intellectual Property Collateral by reason of this Agreement, nor shall the Agent be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

**SECTION 4. Representations and Warranties.** The Grantor represents and warrants as follows:

(a) the Grantor is the legal and beneficial owner of the Intellectual Property Collateral pledged by such Grantor free and clear of any lien, claim, option or right of others, except for the liens and security interests created under this Agreement or permitted under the Documents (including, without limitation, any liens disclosed on Schedule 1.2 to the Credit Agreement). No effective financing statement or other instrument similar in effect covering all or any part of the Intellectual Property Collateral or listing the Grantor or any of its Subsidiaries or any trade name of the Grantor or any of its Subsidiaries as debtor is on file in any recording office (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office), except such as may have been filed in favor of the Agent relating to this Agreement or one of the other Documents except as provided under the Documents.

(b) Set forth in Schedule I is a complete and accurate list of all patents owned by the Grantor. Set forth in Schedule II is a complete and accurate list of all trademark and service mark registrations and all trademark and service mark applications owned by the Grantor. Set forth in Schedule III is a complete and accurate list of all copyright registrations and copyright applications owned by the Grantor. Set forth in Schedule IV is a complete and accurate list of all Licenses in which the Grantor is (i) a licensor with respect to any of the Patents, Trademarks, or Copyrights or (ii) a licensee of any other Person's patents, trade names, trademarks, service marks, copyrights or works of authorship. The Grantor has made all necessary filings and recordations to protect and maintain its interest in the patents, patent applications, trademark and service mark registrations, trademark and service mark applications, copyright registrations and copyright applications and Licenses set forth in Schedules I, II, III and IV hereto.

(c) Each patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, and copyright application of the Grantor set forth in Schedule I, II or III hereto is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and is valid, registrable and enforceable. Each License of the Grantor identified in Schedule IV is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is valid and enforceable. The Grantor is not aware of any uses of any item of Intellectual Property Collateral which would be expected to



lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Intellectual Property Collateral.

(d) The Grantor has not made any previous assignment, transfer or agreement constituting a present or future assignment, transfer or encumbrance of any of the Intellectual Property Collateral. The Grantor has not granted any License (other than those listed on Schedule IV hereto), release, covenant not to sue, or non-assertion assurance to any Person with respect to any part of the Intellectual Property Collateral except as provided under the Credit Agreement or Other Documents.

(e) The Grantor has used proper statutory notice in connection with its use of each patent, registered trademark and service mark and copyright contained in Schedule I, II or III.

(f) This Agreement creates in favor of the Agent a valid and perfected first and only priority security interest in the Intellectual Property Collateral of the Grantor, securing the payment of the Secured Obligations except as provided under the Documents.

(g) No consent of any Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required (i) for the grant by the Grantor of the security interest granted hereby, for the pledge by the Grantor of the Intellectual Property Collateral pursuant hereto, or for the execution, delivery or performance of this Agreement by the Grantor, (ii) for the perfection or maintenance of the pledge and security interest created hereby (including the first and only priority nature of such pledge and security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code, which financing statements are in proper form and are duly executed, and the filing and recording of this Agreement in the United States Patent and Trademark Office against each patent, patent application, trademark or service mark registration, trademark or service mark application, and in the U.S. Copyright Office against each copyright registration, and copyright application of the Grantor set forth in Schedule I, II or III hereto, or (iii) for the exercise by the Agent of its rights provided for in this Agreement or the remedies in respect of the Intellectual Property Collateral pursuant to this Agreement.

(h) There are no claims by any third party relating to any item of Intellectual Property Collateral.

(i) No claim has been made and is continuing or threatened that any item of Intellectual Property Collateral is invalid or unenforceable or that the use by the Grantor of any Intellectual Property Collateral does or may violate the rights of any Person. To the best of the Grantor's knowledge, there is currently no infringement or unauthorized use of any item of Intellectual Property Collateral.

(j) The Grantor has taken all reasonably necessary steps to use consistent standards of quality in the manufacture, distribution and sale of all products sold and the provision of all services provided under or in connection with any of the Intellectual Property

Collateral and has taken all necessary steps to ensure that all licensed users of any of the Intellectual Property Collateral use such consistent standards of quality.

**SECTION 5. Further Assurances.**

(a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor shall promptly execute and deliver all further instruments and documents, and take all further action, that the Agent believes may be reasonably necessary or reasonably desirable, or that the Agent may reasonably request, in order to perfect and protect any pledge or security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any part of the Intellectual Property Collateral. Without limiting the generality of the foregoing, the Grantor will, upon the reasonable request of the Agent, with respect to the Intellectual Property Collateral owned by such Grantor, execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be reasonably necessary or desirable, or as the Agent may reasonably request, in order to perfect and preserve the pledge and security interest granted or purported to be granted hereby.

(b) The Grantor hereby authorizes the Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Intellectual Property Collateral without the signature of such Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Intellectual Property Collateral or any part thereof will be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to the Agent from time to time statements and schedules further identifying and describing the Intellectual Property Collateral and such other reports in connection with the Intellectual Property Collateral as the Agent may reasonably request, all in reasonable detail.

(d) The Grantor agrees that, should it obtain an ownership interest in any patent, patent application, patentable invention, trademark, service mark, trade name, trade dress, other indicia of trade origin, trademark or service mark registration, trademark or service mark application, copyright, copyright registration, copyright application, work of authorship or License, which is not now a part of the Intellectual Property Collateral, (i) the provisions of Section 1 will automatically apply thereto, and (ii) any such patent, patent application, patentable invention, trademark, service mark, trade name, trade dress, indicia of trade origin, trademark or service mark registration, trademark or service mark application (together with the goodwill of the business connected with the use of same and symbolized by same), copyright, copyright registration, copyright application, work of authorship or License will automatically become part of the Intellectual Property Collateral. The Grantor further agrees that it shall deliver to the Agent a written report, in reasonable detail, on a semi-annual basis (starting, for this year, on December 31, 2000, and thereafter on June 30 and December 31 of each succeeding year), setting forth each new patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, copyright application or License that such Grantor has filed, acquired or otherwise obtained in the preceding six month reporting period. The Grantor authorizes the Agent to modify this Agreement by amending Schedules I,

II, III and IV hereto (and shall cooperate with the Agent in effecting any such amendment) to include any patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, copyright application or License which becomes part of the Intellectual Property Collateral.

(e) With respect to each patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration and copyright application set forth in Schedule I, II or III hereto, the Grantor agrees to take all necessary or desirable steps including, without limitation, in the United States Patent and Trademark Office and the United States Copyright Office or in any court, to (i) maintain each such patent, trademark or service mark registration, and copyright registration, and (ii) pursue each such patent application, trademark or service mark application and copyright application now or hereafter included in the Intellectual Property Collateral, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for re-issue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings. The Grantor agrees to take corresponding steps with respect to each new or acquired patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, or copyright application to which it is now or later becomes entitled. Any and all expenses incurred in connection with such activities will be borne by the Grantor. The Grantor shall not discontinue use of or otherwise abandon any patent, patent application, trademark or service mark, trademark or service mark registration, trademark or service mark application, copyright registration, or copyright application now or hereafter included in the Intellectual Property Collateral, unless the Grantor shall have first determined in its reasonable business judgment that such use or pursuit or maintenance of same is no longer desirable in the conduct of the Grantor's business, in which case, the Grantor shall give written notice of any such abandonment or discontinuance to the Agent pursuant to the semi-annual reporting requirement contained in Section 5(d) above.

(f) The Grantor agrees to notify the Agent promptly and in writing if it learns (i) that any item of the Intellectual Property Collateral has been determined to have become abandoned or dedicated to the public, (ii) of the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Intellectual Property Collateral, or (iii) of any adverse determination.

(g) In the event that the Grantor makes a determination in its reasonable business judgment that any item of the Intellectual Property Collateral is infringed or misappropriated by a third party, the Grantor shall promptly notify the Agent and will take such actions as the Grantor or the Agent deems appropriate under the circumstances to protect such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense in connection with such activities will be borne by the Grantor.

(h) The Grantor shall continue to use proper statutory notice in connection with its use of each of its patents, registered trademarks and service marks, and copyrights contained in Schedule I, II or III.

(i) The Grantor shall take all steps which it or the Agent deems appropriate under the circumstances to preserve and protect its Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Intellectual Property Collateral, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Intellectual Property Collateral use such consistent standards of quality.

SECTION 6. Transfers and Other Liens. The Grantor agrees that it shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of (except as provided in Section 5(e)) or grant any option with respect to, any of the Intellectual Property Collateral, or (ii) create or suffer to exist any lien upon or with respect to any of the Intellectual Property Collateral except for the pledge and security interest created by this Agreement.

SECTION 7. The Agent Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Agent's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, upon the occurrence and during the continuance of an Event of Default and upon notice to such Grantor to take any action and to execute any instrument that the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above; and

(c) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable to enforce the rights of the Agent with respect to any of the Intellectual Property Collateral.

SECTION 8. The Agent May Perform. If the Grantor fails to perform any agreement contained herein, the Agent may itself, upon fifteen (15) days' notice to said Grantor, perform, or cause performance of, such agreement, and the reasonable expenses of the Agent incurred in connection therewith shall be borne by said Grantor.

SECTION 9. The Agent's Duties. The powers conferred on the Agent hereunder are solely to protect its interest in the Intellectual Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Intellectual Property Collateral in its possession and the accounting for moneys actually received by it hereunder, the Agent shall have no duty as to any Intellectual Property Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Intellectual Property

Collateral. The Agent shall exercise reasonable care in the custody and preservation of any Intellectual Property Collateral in its possession and shall accord such Intellectual Property Collateral treatment equal to that which the Agent accords its own property.

SECTION 10. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Agent may exercise in respect of the Intellectual Property Collateral, in addition to other rights and remedies provided for herein or in any other Document or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at such time (the "New York Uniform Commercial Code") (whether or not the New York Uniform Commercial Code applies to the affected Intellectual Property Collateral) and also may (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Agent forthwith, assemble all or part of the documents and things embodying any part of the Intellectual Property Collateral as directed by the Agent and make them available to the Agent at a place and time to be designated by the Agent; (ii) without notice except as specified below and as required by law, sell the Intellectual Property Collateral or any part thereof in one or more parcels at public or private sale, at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may deem commercially reasonable; and (iii) occupy any premises owned or leased by the Grantor where documents and things embodying the Intellectual Property Collateral or any part thereof are assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to the Grantor in respect of such occupation. In the event of any sale, assignment, or other disposition of any of the Intellectual Property Collateral, the goodwill of the business connected with and symbolized by any of the Intellectual Property Collateral subject to such disposition will be included, and the Grantor will supply to the Agent or its designee the Grantor's know-how and expertise, and documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Intellectual Property Collateral subject to such disposition and, including, but not limited to, the Grantor's customer lists and other records and documents relating to such Intellectual Property Collateral and to the manufacture, distribution, advertising and sale of such products and services. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made will constitute reasonable notification. The Agent shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice except as required by law, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Intellectual Property Collateral may, in the discretion of the Agent, be held by the Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Agent pursuant to Section 11(b)), in whole or in part, by the Agent, for its benefit against all or any part of the Obligations in such order as the Credit Agreement may require and otherwise as the Agent may elect. Any surplus of such cash or cash proceeds held by the Agent and remaining after payment in full of

all of the Obligations shall be paid over to the Grantor or to whomever may be lawfully entitled to receive such surplus.

(c) The Agent may exercise any and all rights and remedies of the Grantor in respect of the Intellectual Property Collateral.

(d) All payments received by the Grantor in respect of the Intellectual Property Collateral shall be received in trust for the benefit of the Agent, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Agent in the same form as so received (with any necessary or desirable endorsement or assignment).

#### SECTION 11. Indemnity and Expenses.

(a) The Grantor hereby agrees to indemnify the Agent from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction.

(b) The Grantor will, upon demand, pay to the Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use, or operation of, or the sale of, collection from or other realization upon, any of the Intellectual Property Collateral, (iii) the exercise or enforcement of any of the rights of the Agent hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

SECTION 12. Security Interest Absolute. The obligations of the Grantor under this Agreement are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Grantor to enforce this Agreement, irrespective of whether any action is brought against the Grantor or whether the Grantor is joined in any such action or actions. All rights of the Agent and the pledge and security interest created hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of any Document or any other agreement, instrument or document relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations or any other amendment, restatement or other modification or waiver of or any consent to any departure from any Document, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Grantor or any Guarantor or any of their Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any other collateral, or any taking, release or amendment, restatement, other modification or waiver of or consent to any departure from any guaranty, for all or any of the Obligations;

(d) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Grantor, any Guarantor or any of their Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of the Grantor or any Guarantor or any of their Subsidiaries; or

(f) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Grantor or a third party grantor of a security interest.

**SECTION 13. Amendments, Waivers, Supplements, Etc.**

(a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and the Grantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of the Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

(c) Upon the execution and delivery by any Person of an intellectual property security agreement supplement, in each case in substantially the form of Exhibit A hereto (each an "Intellectual Property Security Agreement Supplement"), (i) such Person shall be referred to as an "Additional Grantor" and shall be and become a Grantor, and each reference in this Agreement to "Grantor" shall also mean and be a reference to such Additional Grantor and each reference in any other Document to a "Grantor" shall also mean and be a reference to such Additional Grantor, and (ii) the annexes attached to each Intellectual Property Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I, II, III and IV, as appropriate, hereto and the Agent may attach such annexes as supplements to such Schedules, and each reference to such Schedules shall mean and be a reference to such Schedules, as so supplemented.

**SECTION 14. Addresses for Notices.** All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered, if to the Grantor, addressed to it at the address set forth below; if to any Additional Grantor, addressed to it at the address set forth below its name on the signature page to the Intellectual Property Security Agreement Supplement executed and delivered by such Additional Grantor; if to the Agent, addressed to it at its address set forth below; or, as to each other party, at such other address as shall be designated by such party in a written notice to the Grantor and the Agent.

To the Agent:

PNC Bank, National Association  
Two Tower Center Boulevard  
East Brunswick, New Jersey 08816  
Attention:  
Telefax Number: (732) 220-4393

With copies to: Goodwin, Procter & Hoar LLP  
Exchange Place  
Boston, Massachusetts 02109  
Attention: Steven M. Ellis, P.C.  
Telefax Number: (617) 523-1231

To the Grantor: OECO, LLC  
4607 S.E. International Way  
Milwaukie, Oregon 97222  
Attention:  
Telefax Number:

With copies to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention:  
Telefax Number:

All such notices and communications shall, when mailed by certified mail, return receipt requested, telegraphed, telecopied or telexed, be effective three (3) days after mailing, upon delivery to the telegraph company, upon transmission by telecopier or upon confirmation by telex answerback, respectively, addressed as aforesaid. Any party hereto may change the Person, address or telecopier number to whom or which notices are to be given hereunder, by notice duly given hereunder; provided, however, that any such notice shall be deemed to have been given hereunder only when actually received by the party to which it is addressed.

SECTION 15. Continuing Security Interest, Assignments. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (a) remain in full force and effect until the latest of (i) the indefeasible payment in full in cash of all of the Obligations and (ii) the date of termination in whole of all the commitments of the Lenders under the Credit Agreement, (b) be binding upon the Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), the Agent may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its commitment under the Credit Agreement, the Advances owing to it and the Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Agent herein or otherwise.

SECTION 16. Release and Termination.

(a) Upon any sale, lease, transfer or other disposition of any item of Intellectual Property Collateral in accordance with the terms of the Documents, the Agent will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the release of such item of Intellectual Property Collateral from the security interest granted hereby; provided, however, that (i) at the time of such request and such release, no Default shall have occurred and be continuing, (ii) the Grantor shall have



delivered to the Agent, at least thirty (30) Business Days prior to the date of the proposed release, a written request for release describing the item of Intellectual Property Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by the Agent and a certification by the Grantor to the effect that the transaction is in compliance with the Documents and as to such other matters as the Agent may request and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied in accordance with the Credit Agreement and (iv) the Agent shall have approved such sale, lease, transfer or other disposition in writing.

(b) Upon the latest of (i) the indefeasible payment in full in cash of the Obligations and (ii) the date of termination in whole of all commitments of the Lenders and Agent under the Credit Agreement, the pledge and security interest granted the Grantor hereby shall terminate and all rights to the Intellectual Property Collateral shall revert to the Grantor. Upon any such termination, the Agent will, upon receipt of a written request and at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 17. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 18. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to its conflicts of law principles), except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of the Intellectual Property Collateral are governed by the laws of a jurisdiction other than the State of New York. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the New York Uniform Commercial Code are used herein as therein defined.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor has caused this Intellectual Property Security Agreement to be duly executed and delivered by its officer, thereunto duly authorized, as of the date first above written.

OECO, LLC

By: \_\_\_\_\_   
Name: Lee Parr  
Title: President

ACCEPTED AND ACKNOWLEDGED BY:

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Name: Walter C. Stillwagon  
Title: Vice President

IN WITNESS WHEREOF, the Grantor has caused this Intellectual Property Security Agreement to be duly executed and delivered by its officer, thereunto duly authorized, as of the date first above written.

OECO, LLC

By: \_\_\_\_\_  
Name:  
Title:

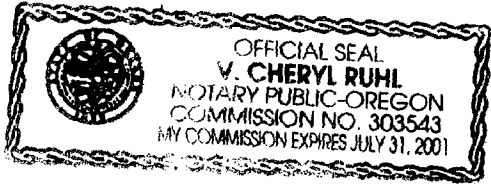
ACCEPTED AND ACKNOWLEDGED BY:

PNC BANK, NATIONAL ASSOCIATION

By: Walter C. Stillwagon  
Name: Walter C. Stillwagon  
Title: Vice President

STATE OF OREGON )  
 ) ss.  
COUNTY OF Clatskanie

On this 9th day of August, 2000, before me personally came Leo Pass,  
to me known, who, being by me duely sworn, did depose and say that he is the President and  
Chief Executive Officer of OEEO, LLC, the limited liability company described in and which  
executed the foregoing instrument and that he signed his name thereto by like order.



[Signature]  
Notary Public

STATE OF NEW YORK )  
 ) ss.  
COUNTY OF NEW YORK )

On this 10th day of August, 2000, before me personally came Walter C. Stillwagon, to me known, who, being by me duly sworn, did depose and say that he is the Vice President of PNC BANK, NATIONAL ASSOCIATION, the agent described in and which executed the foregoing instrument and that he signed his name thereto by on behalf of said agent.

YVETTE B. GARCIA  
Notary Public, State of New York  
No. 01YV6020549  
Qualified in Queens County  
Commission Expires Mar. 1, 2001

Yvette B Garcia  
Notary Public

EXHIBIT A

to

Intellectual Property Security Agreement

FORM OF INTELLECTUAL PROPERTY  
SECURITY AGREEMENT SUPPLEMENT

\_\_\_\_\_, \_\_\_\_\_  
PNC Bank, National Association, as the Agent  
under the Credit Agreement referred to below  
Attention:

Re: Intellectual Property Security Agreement dated as of August  
\_\_\_\_, 2000 made by OECO, LLC (the "Grantor"), for the benefit  
of PNC Bank, National Association, a national banking  
association, as Agent

Ladies and Gentlemen:

Reference is made to the above-captioned Intellectual Property Security Agreement (such Intellectual Property Security Agreement, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, being the "Intellectual Property Security Agreement") made by the Grantor to the Agent. The terms defined in the Intellectual Property Security Agreement (or in the Credit Agreement referred to therein) and not otherwise defined herein are used herein as therein defined.

The undersigned hereby agrees, as the date first above written, to become a Grantor under the Intellectual Property Security Agreement as if it were an original party thereto and agrees that each reference in the Intellectual Property Security Agreement to "Grantor" shall also mean and be a reference to the undersigned.

The undersigned hereby pledges to the Agent, its benefit and hereby grants to the Agent, for the its benefit, as security for the Obligations a lien on and security interest in, all of the right, title and interest of the undersigned, whether now owned or hereafter acquired, in and to Intellectual Property Collateral owned by the undersigned, including, but not limited to, the property listed on Annex I, II, III and IV hereto. Schedules I, II, III and IV to the Intellectual Property Security Agreement are hereby supplemented by Annexes I, II, III and IV hereto, respectively. The undersigned hereby certifies on behalf of such Grantor that such Annexes have been prepared by the undersigned in substantially the form of Schedules I, II, III and IV to the Intellectual Property Security Agreement and are true, accurate and complete in all material respects as of the date hereof.

The undersigned on behalf of such Grantor hereby makes each representation and warranty set forth in Section 4 of the Intellectual Property Security Agreement (as supplemented

by the attached Annexes) to the same extent as each other Grantor and hereby agrees to be bound as a Grantor by all of the terms and provisions of the Intellectual Property Security Agreement to the same extent as each other Grantor.

This Intellectual Property Security Agreement Supplement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

[NAME OF ADDITIONAL  
INTELLECTUAL PROPERTY  
GRANTOR]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

\_\_\_\_\_

Schedule I: Patents

Patent No. D348,045  
Planar Magnetics



Schedule II: Trademarks

U.S. Trademark Registration No. 797,101

Issue Date: 10/5/65

Mark: OECO and Design

U.S. Trademark Registration No. 804,567

Issue Date: 3/1/66

Mark: OECO