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FORM PTO 1594 (Rev. 6-93)

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OMB No. 0651-0011 (exp. 4/94)

U.S. Patent & TMO/TM Mail Rpt Dt. #74

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

1. Name of conveying party(ies):
 Pemstar, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State Minnesota
 Other _____

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

2. Name and address of receiving party(ies)
 Name: IBM Credit Corporation _____
 Internal Address: _____
 Street Address: North Castle Drive _____
 City: Armonk _____ State: NY ZIP: 10504 _____

Individual(s) _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Delaware _____
 Other _____

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

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 10/02/01

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)
 76/077424, 76/077430, 76/283548

Additional numbers attached? Yes No

Trademark Registration No.(s)
 2,363,778 and 1,985,033

40E

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

Name: Elizabeth C. Buckingham
 Internal Address: Dorsey & Whitney LLP

 Street Address: Suite 1500, 50 South Sixth Street

 City: Minneapolis State: MN ZIP: 55402-1498

6. Total Number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41) \$140 _____

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:
 04-1420

(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.

Elizabeth C. Buckingham Elizabeth C. Buckingham October 29, 2001 _____
 Name of person Signing Signature

Total number of pages comprising cover sheet: 11

OMB No. 0651-0011 (exp. 4/94)

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Mail documents to be recorded with required cover sheet information to:

11/06/2001 00000021 76077424

01 Fc:481 40.00 OP
02 Fc:482 100.00 OP

Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this Agreement) dated as of October 2, 2001 between **PEMSTAR, INC.**, a Minnesota corporation (the **Grantor**) and **IBM CREDIT CORPORATION**, a Delaware corporation, (the **Secured Party**).

WITNESSETH:

WHEREAS pursuant to an Amended and Restated Revolving Credit Agreement dated as of June 29, 2001 (together with all amendments and other modifications, if any, from time to time thereafter made thereto the "**Credit Agreement**"), among the Grantor, Turtle Mountain Corporation and the Secured Party, the Secured Party has made available to the Grantor a credit facility, and

WHEREAS, as a condition to the Credit Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Secured Party a continuing security interest in all of the Intellectual Property Collateral (as defined below) to secure the payment and performance of each and every debt, liability and obligation of every type and description under the Credit Agreement (the '**Obligations**').

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and, in order to induce the Secured Party to extend credit to the Grantor pursuant to the Credit Agreement, the Grantor agrees, for the benefit of the Secured Party, as follows:

1. GRANT OF SECURITY INTEREST

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, to secure all of the Obligations, the Grantor does hereby mortgage, pledge, hypothecate to the Secured Party, and grant to the Secured Party a security interest in all of the following property (the "**Intellectual Property Collateral**") whether now owned or hereafter acquired or existing;

- (a) all trademarks, trade names, corporate names, company names, business names, domain names, trade styles, collective marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of alike nature (all of the foregoing items in this clause (a) being collectively called a "**Trademark**"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any foreign country, including those referred to in Item A of Attachment 1 hereto;
- (b) all Trademark licences, including each Trademark licence referred to in Item B of Attachment 1 hereto;

- (c) all reissues, extensions or renewals of any of the items described in clauses (a) and (b);
- (d) all of the goodwill of the business connected with the use of, and symbolised by the items described in clauses (a) and (b) and all processes and procedures necessary to control and ensure proper uniformity, authenticity, origin, and quality of products and services;
- (e) all proceeds, products, offspring, issues and income of, and rights associated with, the foregoing in (a) through (d) above;
- (f) all patents and patent applications, including continuations, renewals, extensions, continuations in part, divisions, and improvements of patents and applications in Item A of Attachment 2 (all of the foregoing items in this clause (f) being collectively a "Patent") now existing anywhere in the world or hereafter acquired, **and** all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations in the United States Patent and Trademark office or in any office or agency of the United States of America or any state thereof or any foreign country, including those referred to in Item A of Attachment 2 hereto;
- (g) all Patent licenses, including each Patent license referred to in Item B of Attachment 2 hereto.
- (h) all reissues, extensions or renewals of any items described in clauses (f) and (g);
- (i) all proceeds, products, offspring, issues and income of, and rights associated with, the foregoing in (f) through (h) above;
- (j) all copyrights and knowhow (including, but not limited to processes, trade secrets, development environment, tools) embodied in or used in developing or maintaining the products or services covered by the Trademarks or Patents.

The secured interest shall also include, but not be limited to, the right of Secured Party to sue and recover for past, present, and future infringements of Intellectual Property Collateral.

2. SECURITY AGREEMENT

This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Secured Party in the Intellectual Property Collateral with the United States Patent and Trademark Office and appropriate state laws. This Agreement secures the payment and discharge in full of all Obligations now or hereafter existing under the Credit Agreement .

3. CONTINUING SECURITY INTEREST

This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall:

- (a) remain in full force and effect until the indefeasible payment and discharge in full of all Obligations and the termination of all commitments;
- (b) be binding upon the Grantor, its successors, transferees and assigns; and
- (c) inure, together with the rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party.

4. SECURITY INTEREST ABSOLUTE

All rights of the Secured Party and the security interests granted to the Secured Party hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

- (a) 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 extension, compromise or renewal of any Obligations;
- (b) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of the Credit Agreement or any other financing document; or
- (c) any addition, exchange, release or surrender of any Intellectual Property Collateral or any amendment to or waiver or release of or addition to or consent to departure from any guaranty, for any of the Obligations.

5. REPRESENTATIONS AND WARRANTIES

- (a) The Patents and Trademarks are subsisting and in force and have not been adjudged invalid or unenforceable, in whole or in part, and are not currently and have not in the past been challenged in any way;
- (b) To the best of Grantor's knowledge, each of the Patents and Trademarks is valid and enforceable;
- (c) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents and Trademarks, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, shop rights and covenants by Grantor not to sue third persons; and
- (d) Grantor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.
- (e) Grantor has not and shall not enter into any agreement that is inconsistent with its duties and Secured Party's rights under this Agreement.
- (f) **Grantor agrees to inform Secured Party of any patent not listed in Item A of Attachment 2 of which Grantor is aware, which is a dominant patent with respect to a listed Patent.**

- (g) If, before Obligations are satisfied, Grantor acquires rights to any other patents or patent applications, Grantor shall notify Secured Party and the list in Item A of Attachment 2 shall be amended to include such patents and applications and such patents and applications (and inventions recited therein) shall be deemed Patents.

6. SECURED PARTY MAY PERFORM

If the Grantor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of such agreement and the expenses of the Secured Party incurred in connection therewith shall be payable by the Grantor.

7. SECURED PARTY HAS NO DUTY

The powers conferred on the Secured Party hereunder are solely to protect its interest in the Intellectual Property Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Intellectual Property Collateral in its possession and the accounting for moneys actually received by it hereunder, the Secured Party shall have no duty as to any Intellectual Property Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Intellectual Property Collateral. Grantor has and agrees to continue to, at its own expense, protect, defend, and maintain the Intellectual Property Collateral, including but not limited to paying maintenance fees on patents, filing appropriate documents to secure and continue Trademark registration rights, preserve confidentiality of trade secrets, and, to the extent reasonable for the business, registering copyrights on underlying and derivative works of products covered by the Trademarks and Patents. Grantor also agrees to notify Secured Party of any infringement of the Intellectual Property Collateral and to take reasonable and appropriate action to preserve the value thereof. Grantor shall not abandon any patent or patent application or fail to pay any maintenance fee with prior written consent of Secured Party, which consent will not be unreasonably withheld.

8. COVENANTS. Within thirty (30) days of the date hereof and hereafter in connection with the announcement of products covered by Patents or Trademarks, Grantor agrees to deliver to Secured Party hereafter all manuals, descriptive materials, development environment and other know how embodied in or used in developing or maintaining the products or services covered by the Trademarks or Patents.

9. CERTAIN REMEDIES

If any default shall have occurred under the Credit Agreement and be continuing;

- (a) The Secured Party may exercise in respect of the Intellectual Property Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code as adopted in the State of New York (the "U.C.C.") or the laws of the United States.
- (b) All cash proceeds received by the Secured Party 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 Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied in

whole or in part by the Secured Party against, all or any part of the Obligations in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations, along with any costs incurred by Secured Party in collecting such proceeds and enforcing its rights hereunder, shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

- (c) Secured Party may exercise or enforce any or all rights or remedies available to Secured Party by law or agreement against the Intellectual Property Collateral, against Grantor or any other person or property.
- (d) Notwithstanding and in addition to any other remedies hereunder, Grantor hereby grants to Secured Party a paidup, worldwide, nonexclusive, irrevocable license to make (and to have made for the Secured Party), use, sell, transfer, and import inventions claimed in the Patents and to license affiliates and subsidiaries of the Secured Party. Secured Party agrees to and shall not exercise the foregoing patent license unless and until Grantor defaults on its Obligations, and such default has not been waived, and fails to cure (if there is a cure period) under the Credit Agreement. If not exercised before all Obligations are fully performed and all commitments are satisfied by Grantor, the right to exercise the foregoing license shall terminate.
- (e) The foregoing rights and remedies shall be in addition to any remedies Secured Party may have under the Credit Agreement.

10. RELEASE OF SECURITY INTEREST

Upon payment in full and the discharge of all Obligations and the termination of all commitments, the Secured Party shall promptly execute and deliver to the Grantor all instruments and other documents as may be necessary or proper to release the lien on and security interest in the Intellectual Property Collateral which has been granted hereunder.

11. AMENDMENTS ETC.

No amendment to or waiver of any provision of this Agreement nor 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 Secured Party 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.

12. GOVERNING LAW, ENTIRE AGREEMENT, ETC.

This Agreement shall be deemed to be a contract made under and governed by and construed in accordance with the internal laws of the State of New York except to the extent that the validity or perfection of the security interests hereunder or remedies hereunder in respect of any particular collateral are governed by the laws of a jurisdiction other than the State of New York. This Agreement constitutes the entire understanding among the parties hereto with respect

to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

13. FORUM SELECTION AND CONSENT TO JURISDICTION

Any litigation based hereon, or arising out of under or in connection with this Agreement, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Secured Party or the Grantor shall be brought and maintained exclusively in the courts of the State of New York or in the United States District Court for the District of New York; provided however that any suit seeking enforcement against any Intellectual Property Collateral or other property may be brought, at the Secured Party's option, in the courts of any jurisdiction where such collateral or other property may be found. The Grantor hereby expressly and irrevocably submits to the jurisdiction of the courts of the State of New York and of the United States District Court for the District of New York for the purpose of any such litigation as set forth above and irrevocably agrees to be bound by any judgment rendered thereby in connection with such litigation. The Grantor further irrevocably consents to the service of process by registered mail, postage prepaid; or by personal service within or without the State of New York. The Grantor hereby expressly and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any, such litigation brought in any such court referred to above and any claim that any such litigation has been brought in an inconvenient forum. To the extent that the Grantor has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise) with respect to itself or its property, the Grantor hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

14. WAIVER OF JURY TRIAL

The Secured Party and the Grantor hereby knowingly, voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based hereon, or arising out of under or in connection with this Agreement, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of the Secured Party or the Grantor. The Grantor acknowledges and agrees that it has received full and sufficient consideration for this provision (and each other provision of each other financing document to which it is a party) and that this provision is a material inducement for the Secured Party entering into the Credit Agreement and each such other financing document. In no event shall the Secured Party be liable for any consequential damages which may be alleged in connection herewith or the transactions contemplated hereby.

15. COUNTERPARTS

This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

16. SEVERABILITY


If a provision of this Agreement or the application thereof to any Person (as defined in

the Credit Agreement) or circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstance will not be affected thereby, the provisions of this Agreement being severable in any such instance.

IN WITNESS whereof the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorised as of the day and year first above written.

PEMSTAR, INC.

By: 
Title: Linda U. Feuss
*VP, General Counsel and
Corporate Secretary*
IBM CREDIT CORPORATION

By: 
Title: Manager of Credit

Attachment I

Item A. Trademarks

Country Trademark Class Registration
Number Registration

Date Application

Number Filing Date United States of America	MEMSTAR	009	Pending	Pending	76/07742 4	22-June-00
United States of America	MEMSTAR	040	Pending	Pending	76/07743 0	22-June-00
United States of America	PEMSTAR	009	2363778	4-Jul-00	75/53224 8	6-Aug-98
United States of America	PEMSTAR	040	1985033	9-Jul-96	74/56964 7	6-Sep-94
United States of America	PEMSTAR	042	Pending	Pending	76/28354 8	10-Jul-01

Item B. Trademark Licenses

None

Item A Patents

Title	Patent Number	Filing Date	Issue Date
Conductive Film Connectors for use on Head Assemblies in Drives	US Patent #5,734,523		03/31/1998
Micro Probing Techniques for Testing Electronic Assemblies	774,159 Prov. 08/774,159		Pending
A Magnetic Recording Head Tester	PCT/US97/02666		Pending
Shunt for Protecting a Hard File Head	US Patent # 6,067,220		05/27/2000
Photolithographic Process for Producing Etched Patterns	110,526 Prov. 90/401,634		Pending
MR Head Resetting Tool	099,400 Prov.		Pending
Method and Apparatus for Analyzing Rotor Imbalance	Application 09/503,033		Pending
Magnetic Linear Actuator for Controlling Engine Speed	128,128 Prov. 09/544,594	04/07/2000	Pending
Method and Apparatus for Balancing a Spindle in a Hard Disk Drive	131,554 Prov. 09/581,545 Application	04/29/2000	Pending
Method and Apparatus for Testing Magnetic Head Elements Pseudo-Assymetry Measurement at the HSA	143,713 Prov. 60/143,713 PCT	07/12/2000	Pending
An Environmental Test Chamber and A Carrier for use Therein	146,812 Prov. US Patent application 09/631,055		11/20/2000
An Environmental Test Chamber and a Carrier for Use Therein	146,988 Prov. US Patent application 09/631,055		11/20/2000
Apparatus for use in Testing a Head Gimbal Assembly	09/685,002	09/19/2000	Pending

Title	Patent Number	Filing Date	Issue Date
Apparatus and Method for Manufacturing a Head Stack Assembly	09/685,303	09/19/2000	Pending
An Environmental Test Chamber Carrier With a Rotary Latch	60/158,280 Prov. US Patent application 09/631,055		11/20/2000
ESD Protection for Magnetic Recording Heads Provided by Variably Conductive Polymeric or Composite Material	09/532,485	03/21/2000	Pending
An Environmental Test Chamber and a Carrier For Use Therein	60/170/939 Prov. US Patent application 09/831,055		11/20/2000
An Improved method of fabricating a Flex Suspension Assembly	US Provisional patent # 60/230,724		provisional patent issued 12/01/2000 dated 09/07/2000
Surface Defect and Blemish Detection System for Large Objects	60/257711		Provisional Patent issued 12/22/00
A device for accurately and repetitively dispensing minute volumes of liquid such as adhesives	Provisional Patent # 60/264870		01/29/2001
Tire Zipper Fault Detection System	Provisional Patent # 60/281528	04/04/2001	Pending
Hard Drive Test Fixture	Provisional Patent 60/283482	04/12/2001	Pending
Hard Drive Test Fixture	60/286732	04/27/2001	Pending
Multi-Dimensional Dither Technique for Optical Element Alignment	60/287463	04/30/2001	Pending

Item B Patent License

License Date License Expires

NONE