

11-06-2002

FORM PTO (Rev. 6-93)



ATTENTION COVER SHEET DEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office

OMB No. 06

102273367

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

1. Name of conveying party(ies): Preco Laser Systems, LLC
Individual(s) [] Association []
General Partnership [] Limited Partnership []
Corporation-State []
[X] Other Kansas Limited Liability
Additional name(s) of conveying party(ies) attached? [] Yes [X] No

2. Name and address of receiving party(ies)
Name: Wells Fargo Bank of Minnesota National Association
Street Address: Wells Fargo Center
MAC N9312-040
Sixth and Marquette
City: Minneapolis State: MN Zip: 55479
Individual(s) []
[X] Association: National Association
General Partnership []
Limited Partnership []
Corporation-State []
Other []
If assignee is not domiciled in the United States, a domestic representative designation is attached: [] Yes [X] No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached [] Yes [X] No

3. Nature of conveyance:
Assignment [] Merger []
[X] Security Agreement [] Change of Name []
Other []
Execution Date: August 1, 2002

6. Total Number of applications and registrations involved: 6
7. Total fee (37 CFR 3.41): \$165.00
[X] 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)

4. Application number(s) or patent number(s):
A. Trademark Application No.(s)
Additional numbers attached? [] Yes [X] No

B.Trademark Registration No.(s) 1,359,023, 1,701,571, 1,702,994, 1,717,716, 2,605,796, 2,605,797

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Michael J. Kroll
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: 6
7. Total fee (37 CFR 3.41): \$165.00
[X] 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.
Michael J. Kroll
Name of person Signing
Signature
Date 10/28/02
Total number of pages comprising cover sheet: 1

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

Do not detach this portion

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

11/06/2002 6TON11 00000017 1359023
01 FC:8521 40.00 OP
02 FC:8522 125.00 OP

BOX ASSIGNMENT
Director - U.S. Patent and Trademark Office
Washington, D.C. 20231

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 Agreement, dated as of August 1, 2002 is made by and between Preco Laser Systems, LLC, a Kansas limited liability company having a business location at the address set forth below next to its signature (the "Debtor"), and Wells Fargo Bank Minnesota, National Association, having a business location at the address set forth below next to its signature (the "Secured Party").

Recitals

The Debtor and the Secured Party are parties to a Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement") setting forth the terms on which the Secured Party may now or hereafter extend credit to or for the account of the Debtor.

As a condition to extending credit to or for the account of the Debtor, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Loan Documents and herein, the parties hereby agree as follows:

1. Definitions. All terms defined in the Recitals hereto or in the Credit Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Credit Agreement).

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Security Interest" has the meaning given in Section 2.

“Trademarks” means all of the Debtor’s right, title and interest in and to: (i) trademarks, service marks, collective membership marks, registrations and applications for registration for each, and the respective goodwill associated with each, (ii) licenses, fees or royalties with respect to each, (iii) the right to sue for past, present and future infringement, dilution and damages therefor, (iv) and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest (the “Security Interest”), with power of sale to the extent permitted by law, in the Patents and in the Trademarks to secure payment of the Obligations. As set forth in the Credit Agreement, the Security Interest is coupled with a security interest in substantially all of the personal property of the Debtor.

3. Representations, Warranties and Agreements. The Debtor represents, warrants and agrees as follows:

(a) ***Existence; Authority.*** The Debtor is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and this Agreement has been duly and validly authorized by all necessary corporate action on the part of the Debtor.

(b) ***Patents.*** Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof, or to which the Debtor has a right as of the date hereof to have assigned to it, and accurately reflects the existence and status of applications and letters patent pertaining to the Patents as of the date hereof. If after the date hereof, the Debtor owns, controls or has a right to have assigned to it any Patents not listed on Exhibit A, or if Exhibit A ceases to accurately reflect the existence and status of applications and letters patent pertaining to the Patents, then the Debtor shall within 60 days provide written notice to the Secured Party with a replacement Exhibit A, which upon acceptance by the Secured Party shall become part of this Agreement.

(c) ***Trademarks.*** Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all applications and registrations pertaining thereto as of the date hereof; provided, however, that Exhibit B need not list common law marks (i.e., Trademarks for which there are no applications or registrations) which are not material to the Debtor’s or any Affiliate’s business(es). If after the date hereof, the Debtor owns or controls any Trademarks not listed on Exhibit B (other than common law marks which are not material to the Debtor’s or any Affiliate’s business(es)), or if Exhibit B ceases to accurately reflect the existence and status of applications and registrations pertaining to the Trademarks, then the Debtor shall promptly provide written notice to the Secured Party with a replacement Exhibit B, which upon acceptance by the Secured Party shall become part of this Agreement.

(d) **Affiliates.** As of the date hereof and except as provided in the Credit Agreement, no Affiliate other than Preco Industries, Inc., Pierson Investments, LLC, Preco Holding Co. Inc., Preco Industries International, Inc. and Preco Industries International Asia/Pacific, Inc. owns, controls, or has a right to have assigned to it any items that would, if such item were owned by the Debtor, constitute Patents or Trademarks. If after the date hereof any Affiliate other than Preco Industries, Inc., Pierson Investments, LLC, Preco Holding Co. Inc., Preco Industries International, Inc. and Preco Industries International Asia/Pacific, Inc. owns, controls, or has a right to have assigned to it any such items, then the Debtor shall promptly either: (i) cause such Affiliate other than Preco Industries, Inc., Pierson Investments, LLC, Preco Holding Co. Inc., Preco Industries International, Inc. and Preco Industries International Asia/Pacific, Inc. to assign all of its rights in such item(s) to the Debtor; or (ii) notify the Secured Party of such item(s) and cause such Affiliate other than Preco Industries, Inc., Pierson Investments, LLC, Preco Holding Co. Inc., Preco Industries International, Inc. and Preco Industries International Asia/Pacific, Inc. to execute and deliver to the Secured Party a patent and trademark security agreement substantially in the form of this Agreement.

(e) **Title.** The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all Liens except Permitted Liens. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark free and clear of all Liens except Permitted Liens, and (ii) will keep all Patents and Trademarks free and clear of all Liens except Permitted Liens.

(f) **No Sale.** Except as permitted in the Credit Agreement, the Debtor will not assign, transfer, encumber or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.

(g) **Defense.** The Debtor will at its own expense and using commercially reasonable efforts, protect and defend the Patents and Trademarks against all claims or demands of all Persons other than those holding Permitted Liens.

(h) **Maintenance.** The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to obtain letters patent or trademark registrations and all affidavits, maintenance fees, annuities, and renewals possible with respect to letters patent, trademark registrations and applications therefor. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit or renewal in support thereof, without first providing the Secured Party: (i) sufficient written notice, of at least 30 days, to allow the Secured Party to timely pay any such maintenance fees or annuities which may become due on any Patents or Trademarks, or to file any affidavit or renewal with respect thereto, and (ii) a separate written

power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit or renewal, should such be necessary or desirable.

(i) ***Secured Party's Right to Take Action.*** If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (h), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement or take steps to prevent such intended abandonment on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure or prevent such intended abandonment.

(j) ***Costs and Expenses.*** Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (i) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the Default Rate.

(k) ***Power of Attorney.*** To facilitate the Secured Party's taking action under subsection (i) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations.

4. Debtor's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude

others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.

5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Credit Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:

(a) The Secured Party may exercise any or all remedies available under the Credit Agreement.

(b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.

(c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. Miscellaneous. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor under this Agreement shall be given in the manner and with the effect provided in the Credit Agreement. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this

STATE OF _____)

_____)

COUNTY OF _____)

The foregoing instrument was acknowledged before me this ___ day of _____, 2002, by Gregory J. Klingler, a Vice President of Wells Fargo Bank Minnesota National Association, a national banking association, on behalf of the national banking association

Notary Public

EXHIBIT A

UNITED STATES ISSUED PATENTS

<u>Title</u>	<u>Patent Number</u>	<u>Issue Date</u>
Laser Wire Stripper	4,761,535	August 2, 1988
Machine Tool Apparatus	5,171,002	December 15, 1992
Adjustable Beam Splitter	5,422,758	June 6, 1995
Reflective Collimator	5,422,436	August 15, 1995
Laser Beam Delivery System for Heat Treating Work Surfaces	5,449,879	September 11, 1995
Laser Cutting Apparatus	5,521,352	May 28, 1996
Steered Laser Beam System with Laser Power Control	6,177,648	January 23, 2001
Optical System for positioning laser beams in a straight or angular position	5,500,506	March 19, 1996
Double XY Table System for use with a Fixed Beam Laser System	08/324,574	Filed October 18, 1994
Method for making an easy open, easy tear sealed package	60/250,593	Filed December 1, 2000
Apparatus and method for high-speed laser perforation of webs	09/785,867	Filed February 16, 2001 Allowed April 15, 2002
Debris removal apparatus for use in laser ablation	Old: 09/805,583 New: 10/099,201	Filed March 3, 2001 Filed March 3, 2002
Laser ablation technique split into two: (a) laser ablation by optimum absorption; (b) laser ablation of multiple layers	60/276,312 10/100,505 10/100,364	Filed March 16, 2001 Filed March 18, 2001 Filed March 18, 2002

Method & Apparatus for improving laser hole resolution	09/860,133	Filed March 17, 2001
System and method for synchronizing a laser beam to a moving web		Filed September 7, 2001
A laser apparatus integrated in packaging machinery		Filed September 7, 2001
Method for laser machining easy open, easy tear flexible packaging	09/998,270	Filed November 30, 2001

FOREIGN ISSUED PATENTS

<u>Title</u>	<u>Country</u>	<u>Patent Number</u>	<u>Issue Date</u>
Laser Wire Stripper	Canada	1,309,145	October 20, 1982
Machine Tool Apparatus	Australia	667,511	January 4, 1993
Optical System for positioning laser beams in a straight or angular position	European Patent Office	0769992	April 22, 1998
Double XY Table System for use with a Fixed Beam Laser System	Canada		Filed October 18, 1994
Double XY Table System for use with Fixed Beam Laser System	Australia	39,617/95	Filed October 10, 1995
Optical System for Positioning Laser Beams in a Straight or Angular Position	Canada	2,194,874	Filed July 13, 1995
Optical System for Positioning Laser Beams in a Straight or Angular Position	Sweden	95 927 146.1	Filed February 2, 1998

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS

AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
Graver, the letters	1,359,023	September 10, 1985
Laser, LMI and a fanciful design (Beam logo)	1,701, 571	July 21, 1992
The Letters CMI	1,702, 994	July 28, 1992
Design (beam logo) LMI and design (beam logo)	1,717,716	September 22, 1992
AcuTear	2,605,796	August 6, 2002
Acu Tear	2,605,797	August 6, 2002

UNREGISTERED MARKS

AcuBeam AcuCom AcuNav AcuPerf AcuPower AcuScore AcuVision Advanced Processing Services	APS Eagle Laser Laser Graver (without beam logo) Laser Graver (without beam logo) Laser Machining, Inc. (without beam logo) Lightning Bolt "Station Manager"
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