

01-24-2003

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

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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): **1-77.03**
 Kane Magnetics Acquisition, LLC,
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other Delaware limited liability company

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

2. Name and address of receiving party(ies)
 Name: General Electric Capital Corporation
 Internal Address: _____
 Street Address: 401 Merritt Seven, Suite 23
 City: Norwalk State: CT Zip: 06856
 Individual(s) citizenship _____
 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: December 31, 2002

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s) _____
 B. Trademark Registration No.(s) 2,291,951 and 2,293,909
 Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Patricia A. Toalson
 Internal Address: Husch & Eppenberger
 Street Address: 1200 Main Street, Suite 1700
 City: Kansas City State: MO Zip: 64105

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....\$ 65.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.
Patricia A. Toalson Patricia A. Toalson January 16, 2003
 Name of Person Signing Signature Date
 Total number of pages including cover sheet, attachments, and document: 6

OFFICE OF PATENT & TRADEMARKS FINANCE SECTION 2003 JAN 22 PM 2:07

01/23/2003 LMUELLER 00000117 2291951

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01 FC:8521 40.00 OP
02 FC:8522 25.00 OP

TRADEMARK REEL: 002657 FRAME: 0108

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of December 31, 2002, by KANE MAGNETICS ACQUISITION, LLC, a Delaware limited liability company ("Grantor"), in favor of GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, in its capacity as Agent for Lenders.

W I T N E S S E T H:

WHEREAS, pursuant to that certain Credit Agreement dated as of the date hereof by and among Grantor, the Persons named therein as Credit Parties, Agent and the Persons signatory thereto from time to time as Lenders (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Credit Agreement"), Lenders have agreed to make the Loans and to incur Letter of Credit Obligations for the benefit of Grantor;

WHEREAS, Agent and Lenders are willing to make the Loans and to incur Letter of Credit Obligations as provided for in the Credit Agreement, but only upon the condition, among others, that Grantor shall have executed and delivered to Agent, for itself and the ratable benefit of Lenders, that certain Security Agreement dated as of the date herewith (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, Grantor is required to execute and deliver to Agent, for itself and the ratable benefit of Lenders, this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in Annex A thereto to the Credit Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Grantor hereby grants to Agent, on behalf of itself and Lenders, a continuing first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral"):

- (a) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule I hereto;
- (b) all reissues, continuations or extensions of the foregoing;
- (c) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(d) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License.

3. SECURITY AGREEMENT. The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to Agent, on behalf of itself and Lenders, pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**KANE MAGNETICS ACQUISITION,
LLC, a Delaware limited liability company**

By: _____
Name: _____
Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

GENERAL ELECTRIC CAPITAL
CORPORATION,
as Agent

By: _____
Name: Richard O'Neill
Title: Vice President Risk
Capital Funding Group

ACKNOWLEDGMENT OF GRANTOR

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, ____ before me personally appeared _____, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of KANE MAGNETICS ACQUISITION, LLC, a Delaware limited liability company, who being by me duly sworn did depose and say that he/she is an authorized member/manager of said company, that the said instrument was signed on behalf of said company as authorized by its Managers and that he/she acknowledged said instrument to be the free act and deed of said company.

Notary Public

{seal}

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Country	Mark	Regis. No.	Regis. Date	Owner
United States	KANE MAGNETICS INTERNATIONAL	2,291,951	11/16/1999	Kane Magnetics International, Inc.
United States	KANE MAGNETICS INTERNATIONAL and Design	2,293,909	11/23/1999	Kane Magnetics International, Inc.
European Union (CTM)	KANE MAGNETICS INTERNATIONAL	635557	01/15/2001	Kane Magnetics International, Inc.
European Union (CTM)	KANE MAGNETICS INTERNATIONAL and Design	635573	02/02/1999	Kane Magnetics International, Inc.
European Union (CTM)	KANE MAGNETICS	2194165	10/30/2002	Kane Magnetics International, Inc.
France	KANE MAGNETICS	00 3072666	12/22/2000	C2B Magnets, Societe anonyme
France	KANE MAGNETICS FRANCE and Design	00 3072665	12/22/2000	C2B Magnets, Societe anonyme
France	KANE MAGNETICS FRANCE and Design (color)	00 3072664	12/22/2000	C2B Magnets, Societe anonyme
France	KANE MAGNETICS FRANCE and Design	00 3072663	12/22/2000	C2B Magnets, Societe anonyme
France	C2B MAGNETS	00 3007247	02/09/2000	C2B Magnets, Societe anonyme
Hong Kong	KANE MAGNETICS	04486 of 2002	04/02/2001	Kane Magnetics International, Inc.

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