

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Collateral Assignment

CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Elmet Technologies		12/31/2003	CORPORATION: DELAWARE

RECEIVING PARTY DATA	
Name:	North Atlantic Venture Fund III, A Limited Partnership
Street Address:	Two City Center
City:	Portland
State/Country:	MAINE
Postal Code:	04101
Entity Type:	LIMITED PARTNERSHIP: DELAWARE

PROPERTY NUMBERS Total: 1		
Property Type	Number	Word Mark
Registration Number:	0411291	ELMET

CORRESPONDENCE DATA	
Fax Number:	(815)425-4146
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	207-791-3230
Email:	tm@preti.com
Correspondent Name:	Alfred C. Frawley
Address Line 1:	One City Center
Address Line 2:	P.O. Box 9546
Address Line 4:	Portland, MAINE 04112

NAME OF SUBMITTER:	Alfred C. Frawley
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Total Attachments: 11
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THIS INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN INTERCREDITOR AGREEMENT (AS AMENDED, RESTATED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "INTERCREDITOR AGREEMENT") DATED AS OF DECEMBER 31, 2003 AMONG ARGOSY INVESTMENT PARTNERS II, L.P., NORTH ATLANTIC VENTURE FUND III, A LIMITED PARTNERSHIP, SEACOAST CAPITAL PARTNERS II, L.P., NEW ENGLAND PARTNERS CAPITAL, L.P., HARBOR PARTNERS II, L.P., LATONA ASSOCIATES FUND I, L.L.C., APPLIEDORE INVESTMENT ADVISORS, LLC AND CITIZENS BANK NEW HAMPSHIRE.

COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY

THIS COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY ("*Assignment*") is made as of December 31, 2003 by and between NORTH ATLANTIC VENTURE FUND III, A LIMITED PARTNERSHIP, a Delaware limited partnership, individually and as agent ("*Assignee*") and ELMET TECHNOLOGIES, INC., a Delaware corporation ("*Assignor*").

WHEREAS, Assignor intends to acquire certain assets from Philips Electronics North America Corporation, a Delaware corporation ("*PENAC*"), pursuant to that certain Purchase and Sale Agreement, dated as of December 8, 2003 (as the same may be amended from time to time, the "*Acquisition Agreement*"), between PENAC and Assignor (as assignee of The Elmet Company, LLC, a Delaware limited liability company); and

WHEREAS, Assignor, North Atlantic Venture Fund III, A Limited Partnership ("*North Atlantic*"), Argosy Investment Partners II, L.P. ("*Argosy*"), Seacoast Capital Partners II, L.P. ("*Seacoast*"), New England Partners Capital, L.P. ("*New England*"), Harbor Partners II, L.P. ("*Harbor*"), Latona Associates Fund I, L.L.C. ("*Latona*") and Appledore Investment Advisors, LLC ("*Appledore*"; and North Atlantic, Argosy, Seacoast, New England, Harbor, Latona and Appledore individually a "*Purchaser*" and collectively the "*Purchasers*") are parties to a Securities Purchase Agreement of even date herewith (as amended, restated or otherwise modified from time to time, the "*Securities Purchase Agreement*"); and

WHEREAS, under the terms of the Securities Purchase Agreement, Assignor issued each Purchaser a Debenture (each, as amended, restated or otherwise modified from time to time, a "*Debenture*" and collectively the "*Debentures*"); and

WHEREAS, the obligations of Assignor under Section 1.4 of the Securities Purchase Agreement and under the Debentures are secured in accordance with the terms of a Security Agreement of even date herewith (as amended, restated or otherwise modified from time to time the "*Security Agreement*"); and

WHEREAS, it is a condition precedent to Purchasers' performance of their obligations under the Securities Purchase Agreement that Assignor execute this Collateral Assignment of Intellectual Property; and

WHEREAS, Assignor has obtained senior financing (the "Senior Loan") from Citizen Bank New Hampshire ("Senior Lender") and the security interest granted herein is subordinate to the security interest granted to such Senior Lender as provided in the Intercreditor Agreement dated on or about the date hereof to which the Senior Lender, Assignor, Assignee and Purchasers are parties (as amended, restated or otherwise modified from time to time, the "Intercreditor Agreement"); and

WHEREAS, any capitalized term used herein and not otherwise defined herein shall have the meaning given to it in the Securities Purchase Agreement or the Security Agreement of even date herewith between Assignor and Assignee (the "Security Agreement").

NOW THEREFORE, in consideration of the promises and the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the undersigned parties agree as set forth below.

1. **Grant of Security Interest.** Subject to the prior rights of Senior Lender, Assignor hereby assigns to Assignee for its benefit and the ratable benefit of each Purchaser a security interest in all of Assignor's now-existing or hereafter acquired right, title and interest in and to the trademarks, trademark applications, patents and patent applications identified in Exhibit A herein and all reissues, renewals, extensions, continuations, continuations-in-part, substitutions, reexaminations and divisions thereof and all goodwill associated therewith (hereinafter "**Intellectual Property**"); and any and all proceeds thereof, including, without limitation, any claims by Assignor against third parties for infringement of the Intellectual Property (hereinafter collectively "**Collateral**"). The foregoing grant of a security interest is a present grant of a collateral assignment and, upon the occurrence of an Event of Default and notice to Assignor from Assignee, and subject to the filing with and notice to the United States Patent and Trademark Office shall become an absolute assignment in favor of Assignee, for its benefit and the ratable benefit of each Purchaser, subject to the prior rights of Senior Lender, or in favor of such person as the Assignee may designate, and may be the subject of such confirmatory instruments as the Assignee may elect, which instruments shall be conclusive evidence of the Event of Default and absolute assignment.

Notwithstanding anything to the contrary in this Agreement, Assignor's rights to use the tradename "Phillips" as provided in that certain Trademark Agreement, dated December __, 2003, between Assignor and Koninklijke Philips Electronics N.V. are expressly excluded from the definition of "Collateral" hereunder.

2. **Obligations Secured.** This Assignment is made to Assignee to secure Assignor's performance of its obligations under the Debentures and under Section 1.4 of the Securities Purchase Agreement (the "Liabilities").

3. Warranties and Covenants.

(a) **Good Title.** To Assignor's knowledge and subject to the disclosures set forth in the Acquisition Agreement by PENAC, all of the existing Collateral is valid and subsisting in full force and effect, such Collateral represents all of the Intellectual Property used in or necessary for the conduct of the business of Assignor, and Assignor owns the sole, full and clear title thereto or the right to use the same. Assignor has the right and power to grant the assignments granted hereunder.

(b) **No Transfer.** Assignor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to, or otherwise dispose of any of the Collateral without the prior written consent, not to be unreasonably withheld, delayed or conditioned, of Assignee to any such action, except as such action is expressly permitted herein or in the Securities Purchase Agreement or as required pursuant to the terms of the Senior Debt.

(c) **Lien Perfection.** Assignor will, at Assignor's expense, perform all acts and execute perfect, maintain, record or enforce the assignment in the Collateral or to otherwise further the provisions of this Assignment. Assignor hereby authorizes Assignee to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Assignee and to execute and file such documents and instruments as may be required to record the assignment made hereunder with the United States Patent and Trademark Office.

(d) **Litigation.** Except as set forth in the Acquisition Agreement, to the best knowledge of the Assignor, (i) there are no rights, claims or other encumbrances that purport to preclude Assignor from conducting its business, and, to the best knowledge of the Assignor, and (ii) there is no claim that the use of the Intellectual Property has or will violate any rights, or support any claim of infringement or other claims, of any other person or entity. Assignee may, in the exercise of its reasonable discretion, pay any amount or do any act which Assignor fails to do or pay as required hereunder or as requested by Assignee to preserve, defend, protect, maintain, record or enforce the Liabilities, the Collateral, or the assignment granted hereunder, including without limitation, filing fees, court costs, reasonable travel expenses and reasonable attorneys' fees. In the event that the Intellectual Property is or becomes the subject of any litigation, Assignee shall, subject to the prior rights of Senior Lender and at its option have the sole right to control such litigation, select counsel, determine whether settlement shall be offered or accepted, determine and negotiate all settlement terms and be indemnified by Assignor for all reasonable costs of litigation and settlement including, without limitation, all reasonable costs, expenses and reasonable attorneys' fees, provided that Assignee shall not settle any such litigation without the prior consent of Assignor, which consent shall not be unreasonably withheld, delayed or conditioned. Assignor will be liable to Assignee for any payments under this paragraph which shall be deemed reasonable expenses under the terms of the Debentures.

(e) **No Other Patents/Trademarks; No Pending Applications.** As of the date hereof, Assignor has no patents or trademarks issued by, or the subject of pending applications in, the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, other than those described in Exhibit A annexed hereto; provided, however, that Assignor is the owner of the unregistered trademarks set forth on Exhibit A.

(f) **No Subsequent Applications.** Assignor shall not file any application for the issuance of a patent or trademark with the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, unless Assignor has by prior written notice informed Assignee of such action. Upon request of Assignee, Assignor shall execute and deliver to Assignee any and all assignments, agreements, instruments, documents and such other papers as may be requested by Assignee to effect a collateral assignment of such application to Assignee for its benefit and the ratable benefit of each Purchaser and subject to the prior rights of Senior Lender.

(g) **No Abandonment.** Assignor has not abandoned any pending patent or trademark application and Assignor will not do any act, nor omit to do any act, whereby the patents or trademarks may become abandoned or unenforceable. Assignor shall notify Assignee immediately if it knows or has reason to know of any reason why any application, trademark or patent may become abandoned, invalidated or the subject of any suit.

(h) **Maintenance.** Assignor will render any assistance necessary to Assignee without cost in any proceeding before the United States Patent and Trademark Office or any similar office or agency in the United States or any other country to maintain each application and Intellectual Property, including, without limitation, filing of renewals and paying annuities.

(i) **Notify.** Assignor will promptly notify Assignee if Assignor (or Affiliate or subsidiary thereof) learns of any use by any person of any infringement of the Intellectual Property. If requested by Assignee, Assignor, at Assignor's expense, shall join with Assignee in such action as Assignee, in Assignee's discretion, may deem advisable for the protection of Assignee's interest in and to the Intellectual Property.

(j) **Indemnification.** Assignor assumes all responsibility and liability arising from the use of Intellectual Property and Assignor hereby indemnifies and holds Assignee harmless from and against any claim, suit, loss, damage or reasonable expense (including attorneys' fees) arising out of or related to: (1) any alleged defect in any product manufactured, promoted or sold by Assignor (or any Affiliate or subsidiary thereof) in connection with any Intellectual Property or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Assignor (or any Affiliate or subsidiary thereof) or (2) any infringement by the Intellectual Property as

used by Assignor of any third party's patents, trademarks, copyrights, trade secrets or any other intellectual property or proprietary rights.

4. **Remedies of Assignee.** Subject to the rights of the holder of the Senior Debt and upon acceleration of any of the Debentures following the occurrence and continuance of an Event of Default and in addition to all other rights and remedies of Assignee, whether provided under law or equity or otherwise, Assignee shall have the following rights and remedies, only to the extent permitted under, and in accordance with the terms and conditions of, the documentation related to or governing Assignor's rights in and to the Collateral, which may be exercised without notice to, or consent by, Assignor except as such notice or consent is expressly provided for herein.

(a) **Stop Use.** Assignee may require by written notice that neither Assignor nor any Affiliate or subsidiary of Assignor make any use of the patented inventions or the registered-marks subject hereto for any purpose whatsoever.

(b) **Licenses.** Upon thirty (30) days' notice to Assignor (and only if such Event of Default has not been cured prior to the expiration of such thirty (30) days), Assignee may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Assignee shall in its reasonable discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or nonexclusive basis throughout the United States of America, its territories and possessions and all foreign countries.

(c) **Sale.** Upon thirty (30) days' prior notice to Assignor (and only if such Event of Default has not been cured prior to the expiration of such thirty (30) days), Assignee may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations, but subject to the Uniform Commercial Code. Assignee shall have the power to buy the Collateral or any part thereof, and Assignee shall also have the power to execute assurances and perform all other acts which Assignee may, in Assignee's sole discretion, deem appropriate or proper to complete such assignment, sale or disposition.

(d) **Power of Attorney.** In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Section 4(b) hereof, Assignee may at any time execute and deliver on behalf of Assignor, one or more instruments of assignment of the Collateral (or application, letters patent or recording relating thereto), in form suitable for filing, recording or registration. Assignor agrees to pay when due all reasonable costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees and reasonable attorneys' fees.

(e) **Application of Proceeds; Deficiency.** Assignee may first apply the fees or proceeds actually received from any such license, assignment, sale or other disposition of Collateral to the reasonable costs and expenses thereof, including, without limitation to, reasonable attorneys' fees and all reasonable legal, travel and other expense which may be incurred by Assignee. Thereafter, Assignee shall apply any remaining

proceeds pro rata to the Obligations owed to each Purchaser. Assignor shall remain liable to Assignee and Purchasers for any expenses or Obligations remaining unpaid after the application of such proceeds, and Assignor will pay Assignee, for its benefit and the ratable benefit of each Purchaser, on demand any such unpaid amount, together with interest at the rate set forth in the Debentures.

(f) **Trade Secrets.** In the event that any such license, assignment, sale or other disposition of the Collateral (or any part thereof) is made after and during the continuance of an Event of Default, Assignor shall supply to Assignee or Assignee's designee, such Assignor's knowledge and know-how relating to the manufacture and sale of Assignor's products according to the patented inventions, if any, Assignor's customer lists, and other records relating to the distribution of Assignor's products.

(g) **Non-Exclusive Remedies.** Nothing contained herein shall be construed as requiring Assignee to take any such action at any time. All of Assignee's rights and remedies, whether provided under law, the documents and instruments evidencing or securing the Liabilities, this Assignment or otherwise shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively or concurrently.

5. **Miscellaneous.**

(a) **Satisfaction.** Upon the satisfactory completion of all the terms and conditions of this Assignment and the documents and instruments evidencing or securing the Liabilities and upon payment in full of all monies due thereunder, Assignee will execute a re-assignment of the Intellectual Property and deliver that re-assignment to Assignor for filing by Assignor, and execute and deliver for filing by Assignor any other instrument or document as may be reasonably requested by Assignor to effect the re-assignment, at Assignor's expense.

(b) **No Waiver.** Any failure or delay by Assignee to require strict performance by Assignor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document or instrument, shall not affect Assignee's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document or instrument shall be deemed to have been waived by any act or knowledge of Assignee or any Purchaser or any of their respective agents, officers or employees, but only by an instrument in writing, signed by an officer of Assignee and directed to Assignor, specifying such waiver.

(c) **Notice.** All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by telex or telegram, immediately upon sending; if by any nationally recognized overnight delivery service, one day after dispatch; and if mailed by

certified mail, return receipt requested, five days after mailing. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other address as either party may designate by ten (10) days' prior notice to the other parties):

To Assignee: North Atlantic Venture Fund III, A Limited Partnership
Two City Center, 5th Floor
Portland, ME 04101
Attention: Frederick L. Malloy

To Assignor: Elmet Technologies, Inc.
1560 Lisbon Street
Lewiston, ME 04240
Attention: Jack S. Jensen

With a copy to: Preti Flaherty Beliveau & Packios
One City Center
Portland, ME 04101
Attention: Bonnie L. Martinolich

(d) Severability; Captions. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Assignment, which shall be deemed severable. The captions and paragraph headings shall not be considered part of this Assignment.

(e) Parties; Changes. This Assignment shall be binding upon and for the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Assignment signed by the party to be charged thereby.

(f) Choice of Law. The validity, interpretation and effect of this Assignment shall be governed by the laws of the State of Delaware without regard to its rules for conflicts of law.

(g) Counterparts. This Assignment may be executed by the parties in one or more counterparts, each of which shall be binding against the signatory and all of which taken together shall constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Intellectual Property as of the day and year first above written.

ASSIGNOR:

ELMET TECHNOLOGIES, INC.
a Delaware corporation

By: 

Name: John S. Jensen
Title: President

ASSIGNEE:

**NORTH ATLANTIC VENTURE FUND
III, A LIMITED PARTNERSHIP**

By: North Atlantic Investors III, L.L.C.,
its General Partner

By: _____

Name: Frederick L. Malloy
Title: General Partner

IN WITNESS WHEREOF, the parties hereto have executed this Assignment of Intellectual Property as of the day and year first above written.

ASSIGNOR:

ELMET TECHNOLOGIES, INC.
a Delaware corporation

By: _____
Name: John S. Jensen
Title: President

ASSIGNEE:

**NORTH ATLANTIC VENTURE FUND
III, A LIMITED PARTNERSHIP**

By: North Atlantic Investors III, L.L.C.,
its General Partner

By: 
Name: Frederick L. Malloy
Title: General Partner

STATE OF MAINE)
)
CITY/COUNTY OF CUMBERLAND)

I HEREBY CERTIFY that on Dec. 29, 2003, before me, a ^{Attorney in} ~~Notary Public~~ of the State of Maine, personally appeared John S. Jensen who acknowledged her/himself to be the President of Elmet Technologies, Inc. (the "Assignor") and that s/he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the Assignor by her/himself as such officer.

WITNESS my hand ~~and Notarial Seal~~.

Bonnie L. Martenskiel
Notary Public / ~~Attorney at Law~~

My Commission Expires: _____

EXHIBIT A

Intellectual Property

Registered Trademarks

<u>TM/SM</u>	<u>Serial Number</u>	<u>Registration Number</u>	<u>Registration Date</u>
Elmet	71473456	0411291	1/9/45

Trademark Applications

None

Unregistered Trademarks

Elmet Technologies

Current Patents

<u>Patent</u>	<u>Number</u>	<u>Date</u>
Diode and metal stud therefor	4,748,493	5/31/88
Diode and metal stud therefor	7,758,874	7/19/88

Patent Applications

None