6/28/04

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

07-02-2004

102782705

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

Tab settings ⇨ ⇨ ⇨ ▼ ▼ ▼ ▼

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

1. Name of conveying party(ies):

MAGNEQUENCH, INC.

☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation-- **Delaware**
☐ Other

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

2. Name and address of receiving party(ies):

Name: BEAR STEARNS CORPORATE LENDING INC.

Internal Address:

Street Address: 383 Madison Avenue

City: New York State: NY Zip: 10179

☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation- New York
☐ 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: June 25, 2004

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

Please see Attached Exhibit A

Additional number(s) attached ☒ Yes ☐ No

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

Name: Rhonda DeLeon

Internal Address: Latham & Watkins LLP

Street Address: 650 Town Center Drive, Suite 2000

City: Costa Mesa State: CA Zip: 92626

6. Total number of applications and registrations involved:..... 9

7. Total fee (37 CFR 3.41).....$ 240.00

☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number

50-0524 (For additional fees, if any)

(Attach duplicate copy of this page if paying by deposit account)

OPP/FINANCE 01 JUN 28 AM 8:47

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 coy of the original document.

Rhonda DeLeon — Name of Person Signing
Rhonda DeLeon — Signature
June 29, 2004 — Date

Total number of pages including cover sheet, attachments, and document: 20

07/01/2004 MGETACHE 00000048 2463513
01 FC:8521 40.00 OP
02 FC:8522 200.00 OP

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

OC\687102.1

MAGNEQUENCH, INC.
U.S. TRADEMARK REGISTRATIONS

Trademark	Registration No.
LEADING MAGNET INNOVATION	2,463,513
MAGNEQUENCH	1,306,889
MAGNEQUENCH	1,720,017
MAGNEQUENCH	1,741,009
MQ1	1,725,261
MQ2	1,709,840
MQ3	1,734,515
MQP	1,707,644
NEOENERGY	2,406,208

TRADEMARK COLLATERAL SECURITY AND PLEDGE AGREEMENT

This TRADEMARK COLLATERAL SECURITY AND PLEDGE AGREEMENT, dated as of June 25, 2004 (as may be amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by each of the signatories hereto (collectively, other than Administrative Agent but including the successors and assigns of the other signatories, the "Grantors") in favor of BEAR STEARNS CORPORATE LENDING INC., as administrative agent (in such capacity, as the "Administrative Agent") for the First Lien Secured Parties and the Second Lien Secured Parties (each such term as defined in the Credit Agreement referred to below).

WHEREAS, MAGNEQUENCH, INC., a Delaware corporation ("MI"), and MAGNEQUENCH INTERNATIONAL, INC., a Delaware corporation ("MQI" and, together with MI, the "Borrowers"), have entered into a Credit Agreement, dated as of June 25, 2004 (as amended, supplemented, or otherwise modified from time to time, the "Credit Agreement"), with the banks and other financial institutions and entities from time to time party thereto (the "Lenders"), and BEAR, STEARNS & CO. INC., as sole lead arranger and sole bookrunner, and the Administrative Agent.

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement that the Borrowers and Grantors shall have executed and delivered that certain Guarantee and Collateral Agreement, dated as of June 25, 2004, in favor of the Administrative Agent (as amended, supplemented, replaced or otherwise modified from time to time, the "Guarantee and Collateral Agreement").

WHEREAS, under the terms of the Guarantee and Collateral Agreement, the Grantors have granted certain first and second priority security interests in certain Property, including, without limitation, certain Intellectual Property of the Grantors, including all successors and assigns, to the Administrative Agent for the ratable benefit of the First Lien Secured Parties and upon payment in full of all amounts owed to the First Lien Secured Parties, then to the Second Lien Secured Parties, respectively, and have agreed as a condition thereof to execute this Agreement for recording with the United States Patent and Trademark Office and other applicable Governmental Authorities.

WHEREAS, this Agreement is supplemental to the provisions contained in the Guarantee and Collateral Agreement and the Credit Agreement and, in the event of an inconsistency among them, the Credit Agreement shall control over the Guarantee and Collateral Agreement and the Guarantee and Collateral Agreement shall control over this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantors agree as follows:

SECTION 1. DEFINITIONS.

1.1 Terms Defined in the Credit Agreement and the Guarantee and Collateral Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement and if not therein defined, in the Guarantee and Collateral Agreement.

1.2 Certain Defined Terms. As used in this Trademark Agreement, the following terms shall have the following meanings:

"Assignment of Marks" has the meaning set forth in Section 2.1 herein.

"Associated Goodwill" means all goodwill of each Grantor and its business, products and services appurtenant to, associated with or symbolized by the Trademarks and the use thereof.

"PTO" means the United States Patent and Trademark Office.

"Related Assets" means all assets, rights and interests of each Grantor that uniquely reflect or embody the Associated Goodwill.

"Trademark Agreement" means this Trademark Collateral Security and Pledge Agreement, as amended and in effect from time to time.

"Trademark Collateral" has the meaning set forth in Section 2.1 herein.

"Trademark Registrations" means all present or future federal, state, local and foreign registrations of the Trademarks of Grantors, including, but not limited to, those set forth on Schedule A, together with the right (but not the obligation) to apply for such registrations (and prosecute such applications) in the name of any Grantor or the Administrative Agent, and to take any and all actions necessary or appropriate to maintain such registrations in effect and renew and extend such registrations.

"Trademark Applications" means all present or future applications for any trademark in the name of any Grantor.

"Trademark Rights" means any and all past, present or future rights in, to and associated with the Trademarks throughout the world, whether arising under federal law, state law, common law, foreign law or otherwise, including the following: all such rights arising out of or associated with the Trademark Registrations, Trademark Applications or Common law trademarks; the right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation; the right (but not the obligation) to sue or defend or bring opposition or cancellation proceedings in the name of any Grantor or the Administrative Agent for any and all past, present and future infringements or dilution of or any other damages or injury to the Trademarks, the Trademark Rights, or the Associated Goodwill, and the rights to damages or profits due or

accrued arising out of or in connection with any such past, present or future infringement, dilution, damage or injury.

"Common Law Rights" means all right, title and interest in and to any Trademarks associated with or appurtenant to the products, services and businesses of each Grantor that are currently used by Grantors and used in the future for which Trademark Applications have not been filed or Trademark Registrations have not issued, including any use, past use or intended use that is sufficiently related to the current classes and uses.

"Trademarks" means all of the trademarks, service marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, elements of package or trade dress, and other source and product or service identifiers, and translations and transliterations used in the business of any Grantor (including Chinese character representations) of the foregoing, of any Grantor, together with the goodwill associated therewith, used or associated with or appurtenant to the products, services and businesses of each Grantor in which such Grantor now has or in the future acquires any right, title or interest.

1.3 Rules of Interpretation. Unless otherwise provided herein, the rules of interpretation set forth in Section 1.2 of the Credit Agreement shall be applicable to this Trademark Agreement.

SECTION 2. GRANT O F SECURITY INTEREST.

2.1 Security Interest. It being expressly understood and agreed that the security interests granted herein for the benefit of the Administrative Agent on behalf of the First Lien Secured Parties shall be subject to the provisions of the Intercreditor Agreement, each Grantor hereby grants to the Administrative Agent, for the benefit of the First Lien Secured Parties, a first priority security interest in all of the following property now owned or at any time hereafter acquired by Grantor or in which such Grantor now has or at any time in the future may acquire any right (collectively, the "Trademark Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's First Lien Obligations:

(a) all Trademarks;

(b) all Trademark Applications;

(c) all Trademark Registrations;

(d) all Common Law Rights;

(e) all Trademark Rights; and

(f) all to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing; and

each Grantor hereby grants, assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Second Lien Secured Parties, a second priority security interest in the Trademark Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Second Lien Obligations;

provided, however, that notwithstanding any of the other provisions set forth in this Section 2.1, this Agreement shall not constitute a grant of a security interest in any property to the extent that such grant of a security interest in such particular property (x) is prohibited by any Requirements of Law of a Governmental Authority, (y) requires a consent not obtained of any Governmental Authority pursuant to such Requirement of Law or is prohibited by, or (z) constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any Contractual Obligation evidencing or giving rise to such property, except to the extent that such Requirement of Law or the term in such Contractual Obligation providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law or would be ineffective under Sections 9-406, 9-407, 9-408 or 9-409 of the New York UCC to prevent the attachment of the security interest granted hereunder; provided, however, that such security interest shall attach immediately at such time as the condition causing such prohibition, breach, default or termination shall be remedied and, to the extent severable, shall attach immediately to any portion of any contractual obligation or other property that is not prohibited under, or does not result in any of the consequences specified in, clauses (x), (y), or (z) above including any proceeds of such property. Without limiting the generality of the foregoing, it is the intent of the parties that (i) the Liens securing the Second Lien Obligations are subject and subordinate to the Liens securing the First Lien Obligations and (ii) this Agreement creates two separate and distinct Liens: the first priority Lien securing the payment and performance of the First Lien Obligations and the second priority Lien securing the payment and performance of the Second Lien Obligations, in each case as may be more particularly set forth in the Intercreditor Agreement.

2.2 Assignment of Trademarks. Each Grantor acknowledges that the Administrative Agent has the right, pursuant to the power of attorney granted the Administrative Agent hereunder and under the Guarantee and Collateral Agreement, upon the occurrence and during the continuance of an Event of Default, to complete, execute and record with the PTO or other Governmental Authority an Assignment of Trademarks on behalf of such Grantor for the sole purpose of effecting the Administrative Agent's exercise of its remedies under Section 6 of this Agreement and Section 6 of the Guarantee and Collateral Agreement. In furtherance of the foregoing, each Grantor hereby executes an assignment of Trademark Collateral ("Assignment of Trademarks") attached as Exhibit 1, for the sole purpose of effecting the Administrative

Agent's exercise of its remedies under Section 6 of this Agreement, Section 7 of the Credit Agreement, or Section 6 of the Guarantee and Collateral Agreement and agrees to deposit such Assignment of Trademarks with DSI Technology Escrow Services (as "Escrow Agent").

2.3 Conditional Assignment. In addition to, and not by way of limitation of, the grants and pledges of the Trademark Collateral provided in Sections 2.1 and 2.2, each Grantor grants, assigns, transfers, conveys and sets over to the Administrative Agent, for the benefit of the Secured Parties, such Grantor's entire right, title and interest in and to that portion of the Trademark Collateral which consists of Trademark Registrations and Trademark Applications and the Trademark Rights associated therewith; *provided*, that such grant, assignment, transfer and conveyance shall be and become of force and effect only (a) in connection with the Administrative Agent's exercise of its rights and remedies in strict accordance with the terms of the Credit Agreement and the other Loan Documents, (b) upon or after the occurrence and during the continuance of an Event of Default and (c) either (i) upon the written demand of the Administrative Agent at any time during such continuance or (ii) immediately and automatically (without notice or action of any kind by the Administrative Agent) upon an Event of Default for which acceleration of the Loans is automatic under the Credit Agreement or upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Guarantee and Collateral Agreement and applicable law (including the transfer or other disposition of the Collateral by any Grantor to the Administrative Agent or its nominee in lieu of foreclosure). Upon occurrence and during the continuance of an Event of Default, the Administrative Agent shall notify the Escrow Agent of the Event of Default under this Agreement and the Guarantee and Collateral Agreement, and the occurrence of the Release Condition under the Software Escrow Agreement, and request release of the Assignment of Trademarks for recordation with the PTO or other Governmental Authority.

2.4 Supplemental to Guarantee and Collateral Agreement. Pursuant to the Guarantee and Collateral Agreement, the Grantors have granted to the Administrative Agent, for the benefit of the Secured Parties, continuing security interests in and liens on the Collateral (including the Trademark Collateral). The Guarantee and Collateral Agreement, and all rights and interests of the Administrative Agent in and to the Collateral (including the Trademark Collateral) thereunder, are hereby ratified and confirmed in all respects. In no event shall this Agreement, the grant, assignment, transfer and conveyance of the Trademark Collateral hereunder, or the recordation of this Agreement (or any other document hereunder) with the PTO or any other Governmental Authority, adversely affect or impair, in any way or to any extent, the Guarantee and Collateral Agreement, the Intercreditor Agreement, the security interests of the Administrative Agent in the Collateral (including the Trademark Collateral) pursuant to the Guarantee and Collateral Agreement, the attachment and perfection of such security interests under the UCC (including the security interest in the Trademark Collateral), the First and Second priority of the Liens granted to the Administrative Agent for the benefit of the First Lien Secured Parties and the Second Lien Secured Parties, respectively, or any present or future rights and interests of the Administrative Agent in and to the Collateral under or in connection with the Guarantee and Collateral Agreement or the UCC. Any and all rights and interests of the Administrative Agent in and to the

Trademark Collateral (and any and all obligations of the Grantors with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Administrative Agent (and the obligations of the Grantors) in, to or with respect to the Collateral (including the Trademark Collateral) provided in or arising under or in connection with the Guarantee and Collateral Agreement and shall not be in derogation thereof.

SECTION 3. NO TRANSFER OR I NCONSISTENT AGREEMENTS.

Except (a) with the Administrative Agent's prior written consent, or (b) as expressly permitted under the Guarantee and Collateral Agreement, no Grantor will (i) mortgage, pledge, assign, encumber, grant a security interest in, transfer, license or alienate any of the Trademark Collateral, or (ii) enter into any agreement (including, without limitation, any outbound license agreement outside the ordinary course of business or any outbound exclusive license agreement, whether within or outside the ordinary course of business) that is inconsistent with the Grantors' obligations under this Agreement or the Guarantee and Collateral Agreement.

SECTION 4. AFTER -ACQUIRED Trademarks, ETC.

4.1 **After-acquired Trademarks**. If, prior to the termination of this Agreement in accordance with Section 10, any Grantor shall obtain any ownership interest in any other or new Trademarks, Trademark Registrations, Trademark Applications, Common Law Trademarks or Trademark Rights or become entitled to the benefit of any Trademarks, Trademark Registrations, Trademark Applications, Common Law Trademarks or Trademark Rights, the provisions of this Agreement shall automatically apply thereto and such Grantor shall promptly provide to the Administrative Agent thereof in writing of Grantor's newly acquired Trademark Applications and Trademark Registrations and execute and deliver to the Administrative Agent such documents or instruments as the Administrative Agent may reasonably request further to implement, preserve or evidence the Administrative Agent's interest therein. In addition to the obligations set forth above, each and every Grantor shall provide to the Administrative Agent, on quarterly basis, a report of any new trademarks in which the Grantor has obtained ownership rights.

4.2 **Amendment to Schedule**. Each Grantor authorizes the Administrative Agent to modify this Agreement and the Assignments of Trademarks, without the necessity of such Grantor's further approval or signature, by amending Schedule A hereto and the Annex to each Assignment of Trademarks to include any future or other Trademark Rights that become part of the Trademark Collateral under Section 2 or Section 5.1.

SECTION 5. TRADEMAR K PROSECUTION. Without limiting the Administrative Agent's rights or remedies under, and subject to each Grantor's obligations under, the Guarantee and Collateral Agreement, Credit Agreement and other Loan Documents:

5.1 **Grantors Responsible**. Without expanding upon the Grantor's obligations under the Guarantee and Collateral Agreement, each Grantor shall have and

maintain full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with the Trademark Collateral, and have the right to take, and shall take, all necessary steps that it deems appropriate under the circumstances, to the extent consistent with good business judgment, to prosecute, defend, enforce, maintain and pursue the Trademark Registrations and Trademark Applications to the extent same are material to the conduct of the businesses of the Grantor, taken as a whole. Each Grantor shall hold each of the Secured Parties harmless from any and all costs, damages, liabilities and expenses that may be incurred by the Administrative Agent or any other Secured Party incurred in accordance with the guidelines set forth in the Credit Agreement and the Guarantee and Collateral Agreement. In respect of such responsibility, the Grantors shall retain trademark counsel reasonably acceptable to the Administrative Agent.

SECTION 6. REMEDIES.

In addition to all other rights and remedies set forth elsewhere in this Agreement, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have all of the rights and remedies set forth in the Guarantee and Collateral Agreement and the other Loan Documents.

SECTION 7. ADMINISTRATIVE AGENT MAY PERFORM.

If any Grantor fails to perform any agreement contained herein, the Administrative Agent may itself perform, or cause performance of, such agreement, and the expenses of the Administrative Agent incurred in connection therewith shall be payable by Grantors under Section 10.

SECTION 8. FU RTHER ASSURANCES.

Each Grantor shall, at any time and from time to time, and at its expense, make, execute, acknowledge and deliver, and file and record as necessary or appropriate with Governmental Authorities, such agreements, assignments, documents and instruments, and do such other and further acts and things (including, without limitation, obtaining consents of third parties), as the Administrative Agent may request and as may be reasonably necessary or appropriate in order to implement and effect fully the intentions, purposes and provisions of this Trademark Agreement, or to assure and confirm to the Administrative Agent the grant, perfection and priority of the Administrative Agent's security interests in the Trademark Collateral.

SECTION 9. TERMINATION .

Upon the indefeasible payment in full in cash of the Obligations (other than Obligations which are contingent and unliquidated and not due and owing on such date and which pursuant to the provisions of the Credit Agreement or the other Loan Documents survive the termination of the Credit Agreement or the repayment of the Obligations), this Trademark Agreement shall terminate and the Administrative Agent shall, upon the written request and at the expense of the respective Grantors, execute and deliver to such Grantors all deeds, assignments and other instruments as may be necessary or proper to reassign and reconvey to and re-vest in the Grantors the entire right, title and interest to the Trademark Collateral previously granted, assigned,

transferred and conveyed to the Administrative Agent by the Grantors pursuant to this Trademark Agreement, as fully as if this Trademark Agreement had not been made, subject to any disposition of all or any part thereof that may have been made by the Administrative Agent pursuant hereto or the Guarantee and Collateral Agreement.

SECTION 10. EXPENSES.

Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and expenses incurred by the Administrative Agent in connection with the preparation of this Trademark Agreement and all other documents relating hereto, the consummation of the transactions contemplated hereby or the enforcement hereof, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance or renewal fees, encumbrances, or otherwise protecting, maintaining or preserving the Trademark Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademark Collateral, shall be borne and paid by the Grantors.

SECTION 11. OVERDUE AMOUNTS.

Until paid, all amounts due and payable by the Grantors hereunder shall be a debt secured by the Trademark Collateral and other Collateral and shall bear, whether before or after judgment, interest at the rate of interest after an Event of Default set forth in the Credit Agreement.

SECTION 12. NO ASSUMPTION OF LIABILITY; INDEMNIFICATION.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NEITHER THE ADMINISTRATIVE AGENT NOR ANY OTHER SECURED PARTY ASSUMES ANY LIABILITIES OF ANY GRANTOR WITH RESPECT TO ANY CLAIM OR CLAIMS REGARDING SUCH GRANTOR'S OWNERSHIP OR PURPORTED OWNERSHIP OF, OR RIGHTS OR PURPORTED RIGHTS ARISING FROM, ANY OF THE TRADEMARK COLLATERAL OR ANY USE, LICENSE OR SUBLICENSE THEREOF, WHETHER ARISING OUT OF ANY PAST, CURRENT OR FUTURE EVENT, CIRCUMSTANCE, ACT OR OMISSION OR OTHERWISE. ALL OF SUCH LIABILITIES SHALL BE EXCLUSIVELY THE RESPONSIBILITY OF SUCH GRANTOR, AND SUCH GRANTOR SHALL INDEMNIFY THE ADMINISTRATIVE AGENT AND THE OTHER SECURED PARTIES FOR ANY AND ALL COSTS, EXPENSES, DAMAGES AND CLAIMS, INCLUDING LEGAL FEES, INCURRED BY THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY WITH RESPECT TO SUCH LIABILITIES; *PROVIDED, HOWEVER,* THAT NOTHING HEREIN SHALL LIMIT ANY DUTY THAT THE ADMINISTRATIVE AGENT OR ANY OTHER SECURED PARTY MAY HAVE UNDER APPLICABLE LAW TO ACT IN A COMMERCIALLY REASONABLE MANNER.

SECTION 13. NOTICES.

All notices and other communications called for hereunder shall be made and, unless otherwise specifically provided herein, shall be deemed to have been duly made or given in the manner set forth in Section 9.2 of the Credit Agreement.

SECTION 14. AMENDMENT AND WAIVER.

This Agreement is subject to modification only by a writing signed by the Administrative Agent and the Grantors, and otherwise in accordance with Section 9.1 of the Credit Agreement and the provisions of the Intercreditor Agreement, except as provided in Section 5.2. No party hereto shall not be deemed to have waived any right hereunder unless such waiver shall be in writing and signed by the waiving party and otherwise in accordance with Section 9.1 of the Credit Agreement and the provisions of the Intercreditor Agreement. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion.

SECTION 15. GOVERNING LAW; CONSENT TO JURISDICTION.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 16. WAIVER of jury trial.

EACH GRANTOR AND, BY ACCEPTANCE OF THE BENEFITS HEREOF, EACH SECURED PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 17. MISCELLANEOUS.

The headings of each section of this Trademark Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon each Grantor and its respective successors and assigns, and shall inure to the benefit of the Administrative Agent, the other Secured Parties and their respective successors and assigns. If any term of this Trademark Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Trademark Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. Each Grantor acknowledges receipt of a copy of this Agreement.

SECTION 18. ADMINISTRATIVE AGENT AS AGENT.

(a) The Administrative Agent has been appointed to act as Administrative Agent hereunder by the Lenders. The Administrative Agent shall be obligated, and shall have the right hereunder, to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of Collateral), solely in accordance with the Loan Documents, and in all cases subject to the provisions of the Intercreditor Agreement.

(b) The Administrative Agent shall at all times be the same Person that is the Administrative Agent under the Credit Agreement.

SECTION 19. EXECUTION IN COUNTERPARTS.

This Agreement may be executed in any number of counterparts (including by telecopy), 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.

[*Signatures begin on next page*]

TRADEMARK
REEL: 003002 FRAME: 0043

IN WITNESS WHEREOF, this Trademark Collateral Security and Pledge Agreement has been executed as of the day and year first above written.

MAGNEQUENCH, INC., as Borrower

By: _____
Name: Archibald Cox, Jr.
Title: President

MAGNEQUENCH INTERNATIONAL, INC.,
as Borrower

By: _____
Name: Archibald Cox, Jr.
Title: President

NEO POWDERS PTE LTD., as Guarantor

By: _____
Name:
Title:

SEALED with the COMMON SEAL OF)
)
XIN BAO INVESTMENT, LTD., as Guarantor,)
)
and SIGNED by _____)
)
_____)
Archibald Cox, Jr., Director

Witnessed/Verified by

_____
Name: Benjamin B. Hellman
Title:

(signatures continue on next page)

[Magnequench – Trademark Security Agreement]

State of ~~New York~~ INDIANA)
) ss.:
County of ~~New York~~ JOHNSON)

On the __ day of June, in the year 2004 before me, the undersigned, personally appeared ARCHIBALD COX, JR., personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, such individual, and the entity upon behalf of which the individual acted, executed the instrument.

Notary Public

Commission Expires 19 day of 11, 2001.

[Magnequench – Trademark Security Agreement]

BEAR STEARNS CORPORATE
LENDING INC., as Administrative Agent

By: _____
Name: Keith C. Barnish
Title: Executive Vice President

[Magnequench – Trademark Security Agreement]

State of New York)
) **ss.:**
County of New York)

On the 23rd day of June, in the year 2004 before me, the undersigned, personally appeared Yeum Banum personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, such individual, and the entity upon behalf of which the individual acted, executed the instrument.

Notary Public

Commission Expires 23rd day of May, 2006

LAURA L. TORRADO
Notary Public, State of New York
No. 31-5027975
Qualified in ~~New York County~~ Westchester County, Certificate filed in NY County
Commission Expires May 23rd 2006

[Magnequench – Trademark Security Agreement]

Schedule A
to the Trademark Collateral Security and Pledge Agreement

United States Trademark Registrations of Grantor

Trademark	Registration No.
LEADING MAGNET INNOVATION	2,463,513
MAGNEQUENCH	1,306,889
MAGNEQUENCH	1,720,017
MAGNEQUENCH	1,741,009
MQ1	1,725,261
MQ2	1,709,840
MQ3	1,734,515
MQP	1,707,644
NEOENERGY	2,406,208

Schedule A
to the Trademark Collateral Security and Pledge Agreement

Pending Foreign Trademark Applications and Registrations of Grantor

Country	Trademark	Appl. No.	Reg. No.
Australia	MAGNEQUENCH	466092	A466092
Australia	MAGNEQUENCH	466093	A466093
Australia	MAGNEQUENCH	466091	A466091
Benelux	MAGNEQUENCH	698235	430971
Canada	MAGNEQUENCH	581419	TMA342762
China	LEADING MAGNET INNOVATION	2000085110	
China	LEADING MAGNET INNOVATION	2000085113	
China	MAGNEQUENCH	21216	312704
China	MQP	3026211	3026211
China	NEOENERGY	2000085112	1970685
China	NEOENERGY	2000085111	2016529
Denmark	MAGNEQUENCH	3442/1987	2263/1991
European Community	MAGNEQUENCH	2477826	2477826
European Community	MAGNEQUENCH LEADING MAGNET INNOVATION	2918118	
European Community	MQP	2477834	2477834
European Community	NEOENERGY	1702273	1702273
France	MAGNEQUENCH	98/746122	987466122
Germany	MAGNEQUENCH	G34399/12WZ	1121966
Greece	MAGNEQUENCH	85690	85690
Ireland	MAGNEQUENCH	1707/87	A124804
Ireland	MAGNEQUENCH	1736/87	A124806
Ireland	MAGNEQUENCH	1708/87	A124805
Italy	MAGNEQUENCH	10450C/87	510325
Japan	LEADING MAGNET INNOVATION	2000-66381	4618042
Japan	MAGNEQUENCH	69530/98	4546203
Japan	MQP	2001-106123	4637998
Japan	NEOENERGY	2000-66382	
Korea, Republic of (South)	LEADING MAGNET INNOVATION	40-2000-28590	500157
Korea, Republic of (South)	NEOENERGY	40-2000-28589	498840
Malaysia	MAGNEQUENCH	98/05937	

Country	Trademark	Appl. No.	Reg. No.
Malaysia	MAGNEQUENCH	98/05938	98/05938
Taiwan	LEADING MAGNET INNOVATION	89-034303	968961
Taiwan	LEADING MAGNET INNOVATION	89-034304	970036
Taiwan	MAGNEQUENCH	(76)29283	386099
Taiwan	MAGNEQUENCH	(76)29281	415198
Taiwan	NEOENERGY	89-034305	953587
Taiwan	NEOENERGY	89-034306	954718
Thailand	MAGNEQUENCH	368585	KOR98406
Thailand	MAGNEQUENCH	368584	KOR96967
United Kingdom	MAGNEQUENCH	1311219	A1311219
United Kingdom	MAGNEQUENCH	1311221	A1311221
United Kingdom	MAGNEQUENCH	1311220	1311220

Schedule B
Licenses and Consents of the MAGNEQUENCH Tradename