

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Security Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
OPTELECOM, INC.		03/08/2005	CORPORATION:
RECEIVING PARTY DATA			
Name:	MANUFACTURERS AND TRADERS TRUST COMPANY		
Street Address:	6303 IVY LANE		
Internal Address:	MAIL CODE 261-012		
City:	GREENBELT		
State/Country:	MARYLAND		
Postal Code:	20770		
Entity Type:	New York State bank:		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2168325	TELEPLEX	
CORRESPONDENCE DATA			
Fax Number:	(202)728-0744		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	2027216405		
Email:	christine.wilson@t-t.com		
Correspondent Name:	Thomson & Thomson		
Address Line 1:	1750 K Street, NW		
Address Line 2:	Suite 200		
Address Line 4:	Washington, DISTRICT OF COLUMBIA 20006		
NAME OF SUBMITTER:	CHRISTINE WILSON		
Signature:	/CHRISTINE WILSON/		
Date:	03/23/2005		

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TRADEMARK
 REEL: 003051 FRAME: 0601

Total Attachments: 11

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COLLATERAL ASSIGNMENT OF TRADEMARKS AS SECURITY

THIS COLLATERAL ASSIGNMENT OF TRADEMARKS AS SECURITY (this "Assignment") is made as of March 8, 2005, by OPTELECOM, INC., a corporation organized and existing under the laws of the State of Delaware (the "Assignor"), in favor of MANUFACTURERS AND TRADERS TRUST COMPANY, a New York State bank (the "Lender").

RECITALS

A. Subject to, and in accordance with, that certain Financing and Security Agreement dated as of the date hereof (which Financing and Security Agreement, as the same may from time to time be amended, restated, supplemented or otherwise modified is herein called the "Financing Agreement"), by and among the Assignor, Optelecom UK Limited, a company organized and existing under the laws of England and Wales ("UK Subsidiary I"), Optelecom Europe Limited, a company organized and existing under the laws of England and Wales ("UK Subsidiary II"), NKF Electronics Iberica S.L., formerly known as NKF Iberica S.L., a private company with limited liability organized and existing under the laws of Spain (the "Spanish Subsidiary") and NKF Electronics, B.V., a corporation organized and existing under the laws of The Netherlands (the "Dutch Borrower"), the Lender has agreed to make credit facilities to the Assignor and the Dutch Borrower (each a "Borrower" and collectively, the "Borrowers") consisting of (i) a revolving credit facility to be made available to the Assignor for the purpose of obtaining letters of credit and financing the Assignor's working capital needs and certain acquisition expenses, (ii) a term loan to be made to the Assignor for the purpose of financing a portion of the purchase price of the stock of the Dutch Borrower, (iii) a revolving credit facility to be made available to the Dutch Borrower for the purpose of obtaining letters of credit and financing the Dutch Borrower's working capital needs, and (iv) a term loan to be made available to the Dutch Borrower for the purpose of refinancing certain indebtedness (all such credit facilities and loans being hereinafter collectively called, the "Credit Facilities").

B. It is a condition precedent, among others, to the Lender's agreement to enter into the Financing Agreement and to make the Credit Facilities available to the Borrowers that the Assignor enter into this Agreement in order to secure the full and prompt performance by the Assignor, UK Subsidiary I, UK Subsidiary II, Spanish Subsidiary and the Dutch Borrower (each an "Obligor" and collectively, the "Obligors") of the Obligations (hereinafter defined), including all obligations, liabilities and indebtedness of any or all of the Obligors under and in connection with the Credit Facilities, the Financing Agreement and under all of the other agreements, documents and instruments which evidence, secure or guaranty all or any portion of the Obligations (as the same may be amended, restated, supplemented or otherwise modified at any time and from time to time, collectively the "Financing Documents").

C. The Assignor has adopted, used and is using certain trademarks as listed on SCHEDULE A attached hereto and made a part hereof and has applied for or has pending the trademarks also as listed on SCHEDULE A (collectively, the "Trademarks").

D. The Financing Agreement and certain other Financing Documents contain security agreements under which the Assignor has granted to the Lender, a Lien (as such term is defined in the Financing Agreement) on, and security interest in, certain assets of the Assignor associated with or relating to products sold under any one or more of the Trademarks and under which the Lender is entitled to foreclose or otherwise deal with the Trademarks under the terms and conditions set forth in the Financing Agreement.

E. The Lender desires to have the interests of the Lender in such Trademarks confirmed by a document identifying the same and in such form that it may be recorded in the United States Patent and Trademark Office.

F. As collateral security for the Obligations, whether arising under the Financing Documents or otherwise, the Assignor has agreed to assign to the Lender, the Trademarks and the goodwill of the business associated therewith.

NOW THEREFORE, with the foregoing Recitals being deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

ARTICLE I ASSIGNMENT

In consideration of and pursuant to the terms of the Financing Agreement and each of the other Financing Documents, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to secure:

All present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of any one or more of the Obligors to the Lender under, arising pursuant to, in connection with and/or on account of the provisions of the Financing Agreement and/or any of the other Financing Documents, and/or any of the Credit Facilities including, without limitation, the principal of, and interest on, late charges, the fees, enforcement costs, and prepayment fees (if any), letter of credit fees or fees charged with respect to any guaranty of any letter of credit; also means all other present and future indebtedness, liabilities and obligations, whether now existing or contemplated or hereafter arising, of any one or more of the Obligors to the Lender or its affiliates with respect to the interest rate/currency protection agreements, deposit or other cash management or credit services of any nature whatsoever regardless of whether such debts, obligations and liabilities be direct, indirect, primary, secondary, joint, several, joint and several, fixed or contingent; and also means any and all renewals, extensions, substitutions, amendments, restatements and rearrangements of any such debts, obligations and liabilities (collectively, the "Obligations");

The Assignor hereby grants, assigns and conveys to the Lender all of its present and future right, title and interest in and to, and grants to the Lender a security interest in, Lien on, and collateral assignment of the Trademarks, together with all the goodwill of the Assignor associated with and represented by the Trademarks and any registration therefor, and the right (but not the obligation) to sue for past, present and future infringements, and the proceeds

thereof, including, without limitation, license royalties and proceeds of infringement suits and all rights corresponding thereto throughout the world.

The foregoing grant, security interest and assignment is a present grant of a collateral assignment and, upon the occurrence of an Event of Default (hereinafter defined) and notice to the Assignor from the Lender, and subject to the filing with and notice to the United States Patent and Trademark Office, shall become an absolute assignment in favor of the Lender or in favor of such person as the Lender may designate, and may be the subject of such confirmatory instruments as the Lender may elect, which instruments shall be conclusive evidence of the Event of Default and absolute assignment. The Lender agrees that the assignment of the Trademarks under this Agreement is only for collateral purposes, and if the Lender in the exercise of its remedies hereunder shall dispose of the Trademarks, the Lender shall apply the proceeds of the sale of the Trademarks to the Obligations in accordance with the Finance Agreement, and if the proceeds from such sale exceed the Obligations then due, the Lender shall account to Assignor for any such excess.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1 Trademark Existence.

The Assignor represents and warrants to the Lender, and shall be deemed to represent and warrant to the Lender at the time each Loan (as such term is defined in the Financing Agreement) is made or Letter of Credit (as such term is defined in the Financing Agreement) issued pursuant to the Financing Agreement, that based on the records of the United States Patent and Trademark Office and any state trademark offices and on the Assignor's knowledge:

2.1.1 The registered Trademarks are subsisting and have not been adjudged invalid or unenforceable in the United States or in the jurisdictions in which they are registered.

2.1.2 Each of the registered Trademarks is valid and enforceable in the United States or in the jurisdictions in which it is registered.

2.1.3 Except as set forth on SCHEDULE B to this Assignment, the Assignor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Trademarks, in the United States or in the jurisdictions in which it is registered, each of the Trademarks is free and clear of any Liens (as such term is defined in the Financing Agreement), other than Permitted Liens (as such term is defined in the Financing Agreement), licenses, and other encumbrances including, without limitation, covenants by the Assignor not to sue third persons.

2.1.4 The Assignor has the right to enter into this Assignment and perform its terms.

ARTICLE III COVENANTS AND AGREEMENTS

Section 3.1 New Agreements, Trademarks and Consents.

The Assignor covenants that until all the Obligations have been paid and performed in full, all commitments therefor have been terminated or have expired:

3.1.1 It will not enter into any agreement, including without limitation, license agreements that would have a Material Adverse Effect (as such term is defined in the Financing Agreement).

3.1.2 It will exercise reasonable supervision over each of its present and future employees, agents and consultants which will enable the Assignor to comply with the covenants herein contained.

3.1.3 If the Assignor acquires rights to any new Trademarks, the provisions of this Assignment shall automatically apply thereto and the Assignor shall give the Lender prompt written notice thereof along with an amended SCHEDULE A.

3.1.4 The Assignor shall, at the Lender's request, obtain consents to this Assignment where the Assignor's right to assign any Trademarks requires such consent.

Section 3.2 Maintenance.

3.2.1 Except as permitted by the provisions of the Financing Agreement, the Assignor hereby covenants and agrees to maintain the Trademarks in full force and effect until all of the Obligations are satisfied in full, all commitments therefor have been terminated or have expired.

3.2.2 Until the Obligations shall have been satisfied in full and all commitments therefor have been terminated or have expired, except as permitted by the provisions of the Financing Agreement, the Assignor shall have the duty to (a) prosecute diligently any trademark application that is part of the Trademarks pending as of the date of this Assignment or thereafter to the extent the value of such application in the Assignor's business justifies such prosecution (b) preserve and maintain all rights in such applications and/or Trademarks including but not limited to the payment of registration and renewal fees, if any and (c) upon reasonable written request of the Lender, to make federal application (at the Assignor's expense) for registration of registerable but unregistered trademarks to the extent the value of such application in the Assignor's business justifies such application for registration. The Assignor shall not abandon any Trademark or any pending application for trademark registration, without the consent of the Lender.

3.2.3 Prior to an Event of Default, the Assignor shall have the right to bring suit in its own name to enforce the Trademarks, in which event the Lender may, if necessary, at its own expense, be joined as a nominal party to such suit if the Lender shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder. If suit is brought during the continuation of an Event of Default, the Assignor shall promptly, upon

demand, reimburse and indemnify the Lender for all damages, costs and reasonable expenses, including attorneys' fees, as they arise incurred by the Lender in the fulfillment of the provisions of this paragraph.

3.2.4 If the Assignor fails to comply with any of its obligations hereunder in any material respect, the Lender may do so in the Assignor's name or in the Lender's name, but at the Assignor's expense, and the Assignor hereby agrees to reimburse and indemnify the Lender in full for all reasonable expenses, including reasonable attorneys' fees, incurred by the Lender in protecting, defending and maintaining the Trademarks.

3.2.5 The Assignor will continue to use, for the duration of this Assignment, proper statutory identification in connection with its use of the Trademarks.

3.2.6 The Assignor will continue to meet for the duration of this Assignment, consistent standards of quality in its manufacture of products sold under the Trademarks comparable to the standards met by Assignor prior to the date of this Assignment.

Section 3.3 Fees and Expenses.

The Assignor agrees to pay to the Lender upon demand as part of the Enforcement Costs (as defined in the Financing Agreement), any and all reasonable fees, costs and expenses, of whatever kind or nature, including attorney's fees and legal expenses incurred by the Lender in connection with the preparation of this Assignment and of all other documents relating hereto and the consummation of this transaction, 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 fees, encumbrances or costs otherwise incurred in protecting, maintaining or preserving the Trademarks, or in enforcing the Lender's rights therein or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by the Assignor on demand by the Lender.

ARTICLE IV EVENTS OF DEFAULT; RIGHTS AND REMEDIES

Section 4.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an "Event of Default" under the provisions of this Agreement:

4.1.1 Default under Financing Agreement. A Default (as that term is defined in the Financing Agreement) shall occur under the Financing Agreement.

4.1.2 Failure to Perform under this Agreement. If the Assignor shall fail to duly perform, comply with or observe any of the terms, conditions, agreements or covenants of this Agreement and such failure is not cured to the satisfaction of the Lender within a period of thirty (30) days.

4.1.3 Breach of Representations and Warranties. Any representation or warranty made in this Agreement or in any report, statement, schedule, certificate, opinion (including any opinion of counsel for the Assignor) financial statement or other document furnished by the Assignor in connection with this Agreement, any of the Financing Documents, or the Obligations or the other obligations secured by this Agreement, shall prove to have been false or misleading when made (or, if applicable, when reaffirmed) in any material respect.

Section 4.2 Assignor Use.

Prior to an Event of Default (a) the Assignor shall have an exclusive nontransferable right and license to use the Trademarks and (b) the Lender shall have no right to use the Trademarks or issue any exclusive or non-exclusive license under the Trademarks, or assign, pledge or otherwise transfer title in the Trademarks to any other party. Except as otherwise permitted by the Financing Agreement, the Assignor agrees not to sell or assign its interest in, or grant any sublicense under, except in the ordinary course of the Assignor's business and only if such sublicensee is provided notice that the sublicense is subject to the terms of this Assignment, or allow any Lien (other than Permitted Liens) to attach to the license granted to the Assignor in this Section, without the prior written consent of the Lender.

Section 4.3 Certain Lender Rights.

The Assignor hereby covenants and agrees that the Lender, as assignee hereunder and as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect in the State of Maryland, and under any other applicable law, upon the occurrence and during the continuation of an Event of Default, upon notice to the Assignor, may terminate the license set forth in this Agreement and may take such other action permitted hereunder or under the other Financing Documents or permitted by applicable Laws, in its exclusive discretion, to foreclose upon the Trademarks covered hereby. For such purposes, and in the event of an Event of Default hereunder or in the Obligations, the Assignor upon the occurrence and during the continuation of an Event of Default hereby authorizes and empowers the Lender to make, constitute and appoint any officer of Lender as the Lender may select, in its exclusive discretion, (with full power of substitution and delegation, in its exclusive discretion), as the Assignor's true and lawful attorney-in-fact, with the power, without notice to the Assignor, to endorse the Assignor's name on all applications, documents, papers and instruments in the name of the Lender or in the name of the Assignor or otherwise, for the use and benefit of the Lender to use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or necessary for the Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone else. This power of attorney shall be irrevocable for the life of this Assignment, the Financing Agreement, the Financing Documents and other obligations and until all of the Obligations to the Lender are satisfied in full and all commitments therefor have been terminated or otherwise have expired.

Section 4.4 Rights and Remedies.

All rights and remedies herein granted to the Lender shall be in addition to any rights and remedies granted to the Lender under the Financing Documents.

Section 4.5 Re-Vesting of Assignor's Rights.

Upon the full payment and performance of all of the Obligations and termination or expiration of all commitments therefor, the Lender shall, upon the Assignor's request and at the Assignor's expense, execute and deliver to the Assignor all documents reasonably necessary to terminate this Assignment and re-vest in the Assignor full title to the Trademarks.

Section 4.6 No Waiver.

No course of dealing between the Assignor and the Lender, nor any failure to exercise, nor any delay in exercising, on the part of the Lender, any right, power or privilege hereunder or under the Financing Documents shall operate as a waiver thereof, and all of the Lender's rights and remedies with respect to the Trademarks, whether established hereby or by the Financing Documents, or by any other future agreements between the Assignor and the Lender or by law shall be cumulative and may be exercised singularly or concurrently.

ARTICLE V
MISCELLANEOUS

Section 5.1 Severability.

The provisions of this Assignment are severable and the invalidity or unenforceability of any provision herein shall not affect the remaining provisions which shall continue unimpaired and in full force and effect.

Section 5.2 Successors and Assigns.

This Assignment shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties and shall specifically inure, without limitation, to the benefit of each Person who may from time to time be a "Lender" under the Financing Agreement.

Section 5.3 Modification.

This Assignment is subject to modification only by a writing signed by the parties and shall be subject to the terms, provisions, and conditions set forth in the Financing Agreement and may not be modified without the written consent of the party against whom enforcement is being sought.

Section 5.4 Captions and Headings.

The section headings in this Assignment are for convenience only, and shall not limit or otherwise affect any of the terms hereof.

Section 5.5 Governing Law.

This Assignment shall be governed by and construed in conformity with the laws of the State of Maryland.

Section 5.6 WAIVER OF TRIAL BY JURY

THE ASSIGNOR AND THE LENDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE ASSIGNOR AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO (A) THIS AGREEMENT, (B) ANY OF THE FINANCING DOCUMENTS, OR (C) TRADEMARKS. THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS AGREEMENT.

This waiver is knowingly, willingly and voluntarily made by the Assignor and the Lender, and the Assignor and the Lender hereby represent that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. The Assignor and the Lender further represent that they have been represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of their own free will, and that they have had the opportunity to discuss this waiver with counsel.

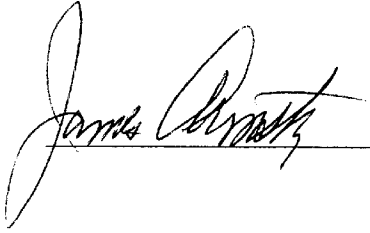
[Signatures Follow on Next Page]

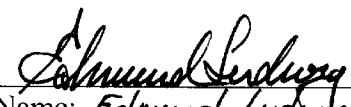
Signature Page to
Collateral Assignment of Trademarks as Security
from Optelecom, Inc.
in favor of Manufacturers and Traders Trust Company

IN WITNESS WHEREOF, the Assignor has executed this Assignment, under seal, the
day and year first above written.

WITNESS OR ATTEST:

OPTELECOM, INC.




By:  (SEAL)
Name: Edmund Ludwig
Title: President & CEO

ACKNOWLEDGMENT

STATE OF Maryland, CITY/COUNTY OF Montgomery, TO WIT:

On this ____ day of March, 2005, before me personally appeared Edmund Ludwig to me
known and being duly sworn, deposes and says that he is the President & CEO of OPTELECOM,
INC., a Delaware corporation, the Assignor; that he signed the Assignment as President & CEO of
such corporation pursuant to the authority vested in him by law; that the within Assignment is
the voluntary act of such corporation; and he desires the same to be recorded as such.


Notary Public

My Commission Expires: 12/1/07

SCHEDULE A

LIST OF TRADEMARKS

<u>Registration No.</u>	<u>Date Issued</u>	<u>Trademark</u>	<u>Goods</u>
2,168,325	June 23, 1998	Teleplex	International Class 9: Telecommunications equipment, namely, digital loop carrier systems including modems

SCHEDULE B

**LIST OF OTHER PARTIES HAVING
AN INTEREST IN THE TRADEMARKS**

NONE