

MRD
3/10/06



103146501

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

Arnold Magnetic Technologies Corporation

- Individual(s)
- General Partnership
- Corporation- State: Delaware
- Other _____
- Association
- Limited Partnership

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) March 7, 2006

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Freeport Financial LLC. as Agent

Internal

Address: _____

Street Address: 500 West Monroe Street, Suite 1710

City: Chicago

State: Illinois

Country: USA Zip: 60661

- Association
- General Partnership
- Limited Partnership
- Corporation
- Other _____

Citizenship _____
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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See attached schedule

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Holli Kubicki

Internal Address: _____

Street Address: c/o Latham & Watkins LLP

233 S. Wacker Drive, Suite 5800

City: Chicago

State: IL Zip: 60606

Phone Number: 312-993-2638

Fax Number: 312-993-9870

Email Address: holli.kubicki@lw.com

6. Total number of applications and registrations involved:

15

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 390.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Holli Kubicki

3/9/2006

Date

01/13/2005 BYRNE 00000006 72408893

Signature

01 FC:8521
02 FC:8522
03 FC:8523

40.00 pp Holli Kubicki

350.00 pp Name of Person Signing

120.00 pp

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

9

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1467, Alexandria, VA 22313-1450

SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT
TRADEMARK REGISTRATIONS

Owner	Country	Trademark	Serial No./	Filing Date	Reg. No./	Registration Date
Arnold Magnetic Technologies Corporation	U.S.	ARKOMAX 800	72/408,893	11/29/71	973,855	11/27/73
Arnold Magnetic Technologies Corporation	U.S.	ARNOLD	74/537,924	6/15/94	1,900,505	6/20/95
Arnold Magnetic Technologies Corporation	U.S.	ARNOX	72/132,890	11/28/61	743,323	1/8/63
Arnold Magnetic Technologies Corporation	U.S.	ECONOMAG	78/299,241	9/11/03		
Arnold Magnetic Technologies Corporation	U.S.	ENVIROMAG	78/210,538	2/4/03	2,795,007	12/16/03
Arnold Magnetic Technologies Corporation	U.S.	FLEXMAG	75/646,152	2/19/99	2,416,906	1/2/01
Arnold Magnetic Technologies Corporation	U.S.	FLEXMAX	78/212,873	2/10/03	2,797,852	12/23/03
Arnold Magnetic Technologies Corporation	U.S.	MAGNETSTUFF.COM	76/087,462	7/13/00	2,467,908	7/10/01

Owner	Country	Trademark	Serial No./	Filing Date	Reg. No./	Registration Date
Arnold Magnetic Technologies Corporation	U.S.	NATIONAL-ARNOLD	76/268,775	6/5/01	2,655,951	12/3/02
Arnold Magnetic Technologies Corporation	U.S.	NEOLITE	74/537,894	6/15/94	1,934,331	11/7/95
Arnold Magnetic Technologies Corporation	U.S.	PLASTIFORM	72/064,721	12/22/58	692,753	2/9/60
Arnold Magnetic Technologies Corporation	U.S.	SAFEMAG & Design	74/412,022	7/12/93	1,894,106	5/16/95
Arnold Magnetic Technologies Corporation	U.S.	THE WORLD'S LARGEST SELECTION OF MAGNETIC MATERIALS	75/868,025	12/10/99	2,376,320	8/8/00
Arnold Magnetic Technologies Corporation	U.S.	THIN MAG & Design	74/616,906	12/30/94	2,057,924	4/29/97
Arnold Magnetic Technologies Corporation	U.S.	ULTRAMAG	73/074,741	1/19/76	1,087,752	3/21/78

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of March 7, 2006, by ARNOLD MAGNETIC TECHNOLOGIES CORPORATION, a Delaware corporation ("Grantor"), in favor of FREEPORT FINANCIAL LLC, a Delaware limited liability company, in its capacity as Agent for Lenders.

WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement dated as of the date hereof by and among Magnetic Technologies Corporation ("Magnetics Technologies"), The Arnold Engineering Co., ("Arnold Engineering"), Grantor and Flexmag Industries, Inc. ("Flexmag") (Magnetics Technologies, Arnold Engineering, Grantor and Flexmag are collectively referred to herein as, the "Borrowers"), the other Persons named therein as Loan 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 and the other Borrowers;

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 the Credit Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Grantor hereby grants to Agent, on behalf of the 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

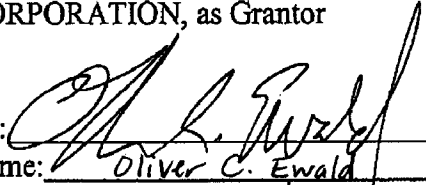
(d) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License; provided however, that notwithstanding any of the other provisions set forth herein, this Trademark Security Agreement shall not constitute a grant of a security interest in any Trademark or Trademark License to the extent such grant of a security interest is prohibited by or constitutes a breach or default under any contract or 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 the 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.

[signature page follows]

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.

ARNOLD MAGNETIC TECHNOLOGIES CORPORATION, as Grantor

By: 
Name: Oliver C. Ewald
Title: President and Secretary

ACCEPTED AND ACKNOWLEDGED BY:

FREEPORT FINANCIAL LLC, as Agent

By: _____
Name: _____
Title: _____

[Signature Page to Trademark Security Agreement]

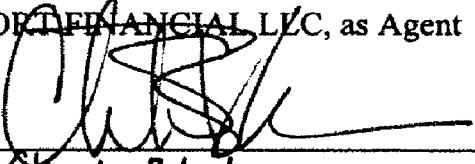
IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ARNOLD MAGNETIC TECHNOLOGIES CORPORATION, as Grantor

By: _____
Name: _____
Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

FREEPORT FINANCIAL LLC, as Agent

By: 
Name: Chad Blakeman
Title: Managing Director

[Signature Page to Trademark Security Agreement]

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CH831105.1

RECORDED: 03/10/2006

TRADEMARK
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