

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Magnatech International Inc.		04/04/2006	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Sovereign Bank		
<b>Street Address:</b>	601 Penn Street		
<b>City:</b>	Reading		
<b>State/Country:</b>	PENNSYLVANIA		
<b>Postal Code:</b>	19601		
<b>Entity Type:</b>	Financial Institution: UNITED STATES		
<b>PROPERTY NUMBERS Total: 2</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	2406793	RB-TEX	
<b>Registration Number:</b>	2474987	MAGNATECH	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(215)405-2574		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	215-977-2574		
<b>Email:</b>	ssplaver@wolfblock.com		
<b>Correspondent Name:</b>	Stacy L. Splaver		
<b>Address Line 1:</b>	1650 Arch Street		
<b>Address Line 2:</b>	22nd Floor		
<b>Address Line 4:</b>	Philadelphia, PENNSYLVANIA 19103		
<b>ATTORNEY DOCKET NUMBER:</b>	SOV027-235419		
<b>NAME OF SUBMITTER:</b>	Stacy L. Splaver		
<b>Signature:</b>	/Stacy L. Splaver/		

OP \$65.00 2406793

Date:

04/06/2006

**Total Attachments: 14**

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## INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Security Agreement") is made effective as of the 4th day of April, 2006 by and between MAGNATECH INTERNATIONAL INC., a Delaware corporation ("Assignor"), and SOVEREIGN BANK ("Bank").

### BACKGROUND

A. In accordance with the terms of that certain Loan and Security Agreement of even date herewith by and among Assignor, KTB Real Estate Partnership ("KTB") and Bank (as the same may be amended, modified, supplemented, extended and/or renewed, the "Loan Agreement"), Bank agreed to extend to: (i) Assignor a line of credit in the maximum principal amount of Five Million Five Hundred Thousand Dollars (\$5,500,000.00); (ii) Assignor a term loan in the original principal amount of Fifteen Million Dollars (\$15,000,000.00); and (iii) KTB a letter of credit facility in the original principal amount of Three Million Five Hundred Two Thousand One Hundred Sixty-Four Dollars (\$3,502,164.00)

B. In accordance with the terms of the Loan Agreement, Assignor has executed and delivered to Bank that certain Surety Agreement of even date herewith, pursuant to which Assignor became a guarantor and surety for all obligations of KTB (as the same may be amended, modified, supplemented, or restated from time to time, the "Surety Agreement"), including without limitation all obligations of KTB under the Loan Agreement and the Reimbursement Agreement.

C. Pursuant to a certain Reimbursement Agreement dated September 2, 2003 (as amended by that certain First Amendment to Reimbursement Agreement of even date herewith and as the same may be further amended, the "Reimbursement Agreement") by and among KTB, Assignor, Magnatech International Holdings, LLC and Bank, Bank agreed to extend to KTB a letter of credit facility in the original principal amount of Two Million Eight Hundred Fifty-Two Thousand Nine Hundred Thirty-One and 51/100 Dollars (\$2,852,931.51), subject to the terms and conditions contained therein.

D. The Loan Agreement provides, inter alia, that Assignor will grant to Bank a security interest in all of Assignor's assets, including, without limitation, its patents, patent rights, patent applications, servicemarks, trademarks, servicemark and trademark applications, tradenames, goodwill, copyrights and licenses.

**NOW THEREFORE**, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor agrees as follows:

1. **Incorporation of Loan Agreement.** The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Loan Agreement.

2. Security Interest.

(a) Security Interest in Patents, Copyrights and Licenses. To secure the complete and timely payment and satisfaction of all Bank Indebtedness and Guaranteed Obligations (as defined in the Surety Agreement), Assignor hereby collaterally assigns, mortgages, pledges and grants to Bank a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Assignor's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed (collectively, with items named in Section 2(b) below, the "**Collateral**"):

(i) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents and patent applications listed on Exhibit "A", attached hereto and made a part hereof, and (A) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (B) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (C) the right to sue for past, present and future infringements thereof, and (D) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (A)-(D), are sometimes hereinafter individually and/or collectively referred to as the "**Patents**");

(ii) copyrights, copyright registrations, copyright applications and all computer programs, operating systems, application systems, hardware or software of any nature whatsoever owned by Assignor, whether operational, under development or inactive, including all object codes, source codes, modules, technical manuals, user manuals, operating instructions and procedures, in-put and out-put formats, program listings, narrative descriptions, program flow charts, file layouts, report layouts, screen layouts and other documentation therefor (including internal notes, memoranda, status evaluations, marketing information and write-ups), and all improvements, modifications, enhancements, new releases and revisions thereof, whether in machine-readable form, programming language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature; together with all tangible media upon which any of the foregoing are recorded or encoded, including, without limitation, all chips, disks, tapes, film and paper; including, without limitation, the copyrights, copyrights registrations and copyrights applications listed on Exhibit "B" attached hereto and made a part hereof, and (A) all renewals thereof, (B) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, and (C) the right to sue for past, present and future infringements thereof (all of the foregoing items are sometimes referred to herein collectively as the "**Copyrights**"); and

(iii) license agreements with any other party, whether Assignor is a licensor or licensee under any such license agreement, including, without limitation, the licenses listed on Exhibit "C" attached hereto and made a part hereof, and the right to prepare for sale, sell and advertise for sale all inventory now or hereafter owned by Assignor and now or hereafter covered by such licenses (all of the foregoing is hereinafter referred to collectively as the "**Licenses**").

(b) **Security Interest in Trademarks.** To secure the complete and timely payment and satisfaction of all Bank Indebtedness and Guaranteed Obligations, Assignor hereby mortgages, pledges and grants to Bank a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale, to the extent permitted by law, all of Assignor's right, title and interest in and to all of the following, whether now owned or existing and filed or hereafter acquired or arising and filed: servicemarks, trademarks, servicemark and trademark registrations, tradenames, servicemark and trademark applications (to the extent not based on an intent to use), and all goodwill attendant thereto, including, without limitation, the servicemarks, trademarks and applications listed on **Exhibit "D"**, attached hereto and made a part hereof, and (A) all renewals thereof, (B) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, damages and payments for past or future infringements thereof, (C) the right to sue for past, present and future infringements thereof, and (D) all rights corresponding thereto throughout the world (all of the foregoing servicemarks, trademarks, servicemark and trademark registrations, servicemark and tradenames and applications together with the items described in clauses (A)-(D), are sometimes hereinafter individually and/or collectively referred to as the "**Trademarks**").

3. **Restrictions on Future Agreements.** Assignor agrees that until all Bank Indebtedness and Guaranteed Obligations shall have been satisfied in full and the Loan Agreement and the Reimbursement Agreement shall have been terminated, Assignor will not, without Bank's prior written consent, enter into any agreement (including, without limitation, any license or royalty agreement) which is inconsistent with Assignor's obligations under this Security Agreement, the Loan Agreement or the Reimbursement Agreement, and Assignor further agrees that it will not take any action, or permit any action to be taken by others, subject to its control, including licensees, or fail to take any action, which would affect the validity or enforcement of the rights of Bank under this Security Agreement.

4. **New Patents, Trademarks, and Licenses.** Assignor represents and warrants that the Patents, Copyrights, Licenses and Trademarks listed on **Exhibits "A", "B", "C" and "D"**, respectively, constitute all of the patents, copyrights, licenses, trademarks and applications now owned by Assignor. If, before all Bank Indebtedness and Guaranteed Obligations shall have been satisfied in full and the Loan Agreement and the Reimbursement Agreement shall have been terminated, Assignor shall (a) obtain rights to any new patentable inventions, trademarks, servicemarks, trademark registrations, tradenames, copyrights or licenses, or (b) become entitled to the benefit of any patent or trademark or copyright application, trademark, trademark registration, servicemark, tradename, copyright or license renewal, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of **Section 2** above shall automatically apply thereto and Assignor shall give to Bank prompt written notice thereof. Assignor hereby authorizes Bank to modify this Security Agreement by amending **Exhibit "A", "B", "C" and/or "D"**, as applicable, to include any future patents, patent applications, trademarks, trademark registrations, servicemarks, trademark applications, tradenames, copyrights and licenses which are Patents, Copyrights, Licenses or Trademarks, as applicable, under **Section 2** above or under this **Paragraph 4**. Assignor hereby agrees to provide to Bank such assignment or other documentation as Bank may request to record Bank's lien on such future Patents, Copyrights, Licenses or Trademarks.

5. **Royalties; Term.** Assignor hereby agrees that the use by Bank of all Patents, Copyrights, Licenses and Trademarks as described herein shall be worldwide and without any liability for royalties or other related charges from Bank to Assignor. The term of the security

interest granted herein shall extend until the earlier of (a) the expiration of each of the respective Patents, Copyrights, Licenses and Trademarks assigned hereunder, or (b) the date on which all Bank Indebtedness and all Guaranteed Obligations have been paid in full and the Loan Agreement and the Reimbursement Agreement are terminated.

6. **Bank's Right to Inspect.** Bank shall have the right, at any time and from time to time, to inspect Assignor's premises and to examine Assignor's books, records and operations, including, without limitation, Assignor's quality control processes. Assignor agrees that Bank, or a conservator appointed by Bank, shall have the right to establish such additional product quality controls as Bank, or said conservator, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by Assignor under the Trademarks. Assignor agrees (a) not to sell or assign its interest in the Patents, Copyrights, Licenses or Trademarks, without the prior written consent of Bank; (b) to maintain the quality of any and all products in connection with which the Trademarks and/or Copyrights are used, consistent with quality of said products as of the date hereof; (c) not to adversely change the quality of said products without Bank's express written consent; and (d) to provide Bank, upon request, with a certificate of an officer of Assignor certifying Assignor's compliance with the foregoing.

7. **Termination.** This Security Agreement is made for collateral purposes only. Upon payment in full of all Bank Indebtedness and Guaranteed Obligations and termination of the Loan Agreement and the Reimbursement Agreement, Bank shall execute and deliver to Assignor a termination of Bank's security interest granted herein and all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents, Copyrights, Licenses and Trademarks, subject to any disposition thereof which may have been made by Bank pursuant hereto.

8. **Duties of Assignor.** Assignor shall have the duty (a) to prosecute diligently any patent, trademark and copyright application pending as of the date hereof or thereafter until all Bank Indebtedness and Guaranteed Obligations shall have been paid in full and the Loan Agreement and the Reimbursement Agreement are terminated, (b) to make application on unpatented but patentable inventions and on trademarks and copyrights, as appropriate, and (c) to preserve and maintain all rights in patent applications and patents of the Patents, in trademark applications, trademarks and trademark registrations of the Trademarks and in copyright applications and copyrights of the Copyrights. Any expenses incurred in connection with such applications shall be borne by Assignor. Assignor will not abandon any right to file a patent, trademark or copyright application, or any pending patent, trademark or copyright application or any Patent, Trademark, License or Copyright without the prior consent of the Bank.

9. **Event of Default.** Upon the occurrence of an Event of Default, Bank may, without further notice to or consent of Assignor, and in addition to all other rights and remedies available to Bank, immediately record all assignments previously executed and delivered to Bank by Assignor and/or execute and record with all applicable offices (including, without limitation, the Patent and Trademark Office) an absolute assignment to Bank by Assignor of all rights, title and interest of Assignor, in and to the Collateral. Assignor hereby authorizes and agrees that Bank may, through the power of attorney granted in **Section 14** hereof, upon the occurrence of an Event of Default irrevocably execute and deliver in Assignor's name any and all such assignments and agreements and to take any and all other actions in Assignor's name as Bank shall deem reasonable or appropriate to transfer and convey all right, title and interest of Assignor in and to the Collateral to Bank or any other person or entity selected by Bank.

10. **Bank's Right to Sue.** Bank shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Licenses, Patents, Copyrights and/or Trademarks, and any licenses thereunder, and, if Bank shall commence any such suit, Assignor shall, at the request of Bank, do any and all lawful acts and execute any and all proper documents required by Bank in aid of such enforcement and Assignor shall promptly, upon demand, reimburse and indemnify Bank for all costs and expenses incurred by Bank in the exercise of its rights under this **Section 10.**

11. **Waivers.** No course of dealing between Assignor and Bank, nor any failure to exercise, nor any delay in exercising, on the part of Bank, any right, power or privilege hereunder or under the Loan Agreement or the Reimbursement Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. **Severability.** The provisions of this Security Agreement are severable, and if any clause or provision shall be invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

13. **Modification.** This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in **Section 4** hereof or by a writing signed by the parties hereto.

14. **Cumulative Remedies; Power of Attorney; Effect on Loan Agreement and Reimbursement Agreement.** All of Bank's rights and remedies with respect to the Patents, Trademarks, Copyrights and Licenses, whether established hereby or by the Loan Agreement or the Reimbursement Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor hereby authorizes Bank to make, constitute and appoint any officer or agent of Bank as Bank may select, in its sole discretion, as Assignor's true and lawful attorney-in-fact, with power to (a) endorse Assignor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Bank to protect, evidence or perfect its security interest in the Patents, Trademarks, Copyrights and Licenses, (b) upon the occurrence of an Event of Default, endorse Assignor's name on all applications, documents, papers and instruments necessary or reasonably desirable for the Bank to enforce its security interest in the Patents, Trademarks, Copyrights and Licenses, (c) upon the occurrence of an Event of Default, take any other actions with respect to the Patents, Trademarks, Copyrights and/or Licenses as the Bank reasonably deems in the best interest of the Bank, (d) upon the occurrence of an Event of Default, grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to anyone, including Bank, and/or (e) upon the occurrence of an Event of Default, assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks, Copyrights or Licenses to anyone, including Bank. Bank may also act under such power of attorney to take the actions referenced in **Section 4.** Bank hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until all Bank Indebtedness and Guaranteed Obligations shall have been paid in full and the Loan Agreement and the Reimbursement Agreement shall have been terminated. Assignor acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Bank under the Loan Agreement or the Reimbursement Agreement but rather is intended to facilitate the exercise of such rights and remedies given it by the terms of this Security Agreement, all rights and remedies allowed by law

and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any applicable jurisdiction.

15. **Binding Effect; Benefits.** This Security Agreement shall be binding upon the Assignor and its successors and assigns, and shall inure to the benefit of Bank and its nominees, successors and assigns.

16. **Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflict of law principles.

[SIGNATURES ON FOLLOWING PAGE]




IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement the day and year first above written.

**MAGNATECH INTERNATIONAL, INC.**

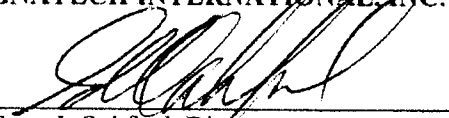
By: \_\_\_\_\_  
Scott I. Oakford, Director

**SOVEREIGN BANK**

By:  \_\_\_\_\_  
A. Thomas Ninetto, Vice President

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Security Agreement the day and year first above written.

**MAGNATECH INTERNATIONAL, INC.**

By:   
Scott I. Oakford, Director

**SOVEREIGN BANK**

By: \_\_\_\_\_  
A. Thomas Ninetto, Vice President

STATE OF New York :

SS.

COUNTY OF New York :

On this, the 4<sup>th</sup> day of April, 2006 before me, a Notary Public, personally appeared Scott I. Oakford, who acknowledged himself/herself to be a Director of **MAGNATECH INTERNATIONAL, INC.**, and that he/she as such Director, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as Director.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Kathryn Alisbah  
Notary Public  
My commission expires:

KATHRYN ALISBAH  
Notary Public, State of New York  
No. 01AL6021425  
Qualified in New York County  
Commission Expires March 15, 2007

COMMONWEALTH OF PENNSYLVANIA :

: ss:

COUNTY OF :

On this \_\_\_\_\_ day of \_\_\_\_\_, 2006, before me, a Notary Public, personally appeared \_\_\_\_\_, who acknowledged himself/herself to be the duly acting \_\_\_\_\_ of **SOVEREIGN BANK** and that he/she as such \_\_\_\_\_, being duly authorized to do so, executed the foregoing Intellectual Property Security Agreement for the purposes therein contained by signing his/her name as such on behalf of the Assignor.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

STATE OF \_\_\_\_\_ :

SS.

COUNTY OF \_\_\_\_\_ :

On this, the \_\_\_\_ day of \_\_\_\_\_, 2006 before me, a Notary Public, personally appeared Scott I. Oakford, who acknowledged himself/herself to be a Director of **MAGNATECH INTERNATIONAL, INC.**, and that he/she as such Director, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as Director.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public  
My commission expires:

COMMONWEALTH OF PENNSYLVANIA :

: ss:

COUNTY OF Berks :

On this 3rd day of April, 2006, before me, a Notary Public, personally appeared Manis Niarro, who acknowledged himself/herself to be the duly acting Vice President of **SOVEREIGN BANK** and that he/she as such Officer, being duly authorized to do so, executed the foregoing Intellectual Property Security Agreement for the purposes therein contained by signing his/her name as such on behalf of the Assignor.

[Signature]  
\_\_\_\_\_  
Notary Public  
My Commission Expires:

**COMMONWEALTH OF PENNSYLVANIA**  
**Notarial Seal**  
**Jaclyn Cortes, Notary Public**  
**City of Reading, Berks County**  
**My Commission Expires July 22, 2009**  
Member, Pennsylvania Association of Notaries

**EXHIBIT "A"**

**TO**

**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Patents**

<b><u>Patent</u></b>	<b><u>Patent No.</u></b>	<b><u>Award Date</u></b>
Vertical Rotary Binder	4,729,278	March 8, 1988
Strand Supply Carrier and Tension Mechanism	4,765,220	August 23, 1988
Rotary Braider Machine	5,775,195	July 7, 1998
Electronic Length Control Wire Pay-Off System and Method	6,527,216	March 4, 2003
Multi-Strand Bobbin Winding Apparatus	5,058,818	October 22, 1991

**EXHIBIT "B"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Copyrights**

None.

**EXHIBIT "C"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Licenses**

That certain Design & Technology Purchase Agreement dated May 9, 2002 between Magnatech International, Inc. (successor to Magnatech International, L.P.) and Sid Hart.

**EXHIBIT "D"**  
**TO**  
**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

**Trademarks**

<u>Mark</u>	<u>Registration No./Application No.</u>	<u>Reg./Application Date</u>
RB-TEX	2,406,793	May 12, 1998
MAGNATECH	2,474,987	June 30, 1999

PHIL:5344745.6/SOV027-235419