

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Deloro Stellite Holdings Corporation		04/04/2006	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	The Royal Bank of Scotland, Plc, as Agent and as Trustee
Street Address:	135 Bishopsgate
Internal Address:	Leveraged Finance
City:	London
State/Country:	UNITED KINGDOM
Postal Code:	EC2M 3RU
Entity Type:	Public Limited Company: UNITED KINGDOM

PROPERTY NUMBERS Total: 18

Property Type	Number	Word Mark
Registration Number:	1990880	NISTELLE
Registration Number:	1989678	TRISTELLE
Registration Number:	1990879	STELCAR
Registration Number:	1715027	STELLITE
Registration Number:	1683584	T-800
Registration Number:	114239	STELLITE
Registration Number:	1652889	STELLITE
Registration Number:	2914610	T-400
Registration Number:	1561780	JK
Registration Number:	1558845	JET KOTE
Registration Number:	1558763	JET KOTE
Registration Number:	1154508	DELORO
Registration Number:	1061512	NUCALLOY

CH \$465.00 1990880

Registration Number:	979267	TRIBALLOY
Registration Number:	1309755	MULTIPASS
Registration Number:	1255801	STOODY
Registration Number:	2247123	STARWELD
Registration Number:	2275328	DELCROME

CORRESPONDENCE DATA

Fax Number: (612)340-8856
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: (612) 340-8838
Email: ip.docket@dorsey.com
Correspondent Name: Michael J. Kroll, DORSEY & WHITNEY LLP
Address Line 1: 50 South Sixth Street
Address Line 2: Suite 1500
Address Line 4: Minneapolis, MINNESOTA 55402-1498

ATTORNEY DOCKET NUMBER: 8178

DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

NAME OF SUBMITTER: Michael J. Kroll

Signature: /Michael J. Kroll/

Date: 05/12/2006

Total Attachments: 31
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SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of April 4, 2006 (as amended from time to time, the "Agreement"), by and among Deloro Holdings, Inc., ("DHI"), a Delaware corporation, DS Holdings (USA), Inc., a Delaware corporation ("DSH USA"), Deloro Stellite Holdings Corporation, a Delaware corporation ("DSHC"), Deloro GP LLC, a Delaware limited liability company ("Deloro GP"), DSGP, LLC, ("DSGP"), a Delaware limited liability company, and Deloro Stellite L.P. ("DSLPL"), a Delaware limited partnership (each individually a "Grantor" and all collectively the "Grantors") and The Royal Bank of Scotland Plc as agent and as trustee for itself and the Finance Parties (each as defined below), and as Issuing Bank and Ancillary Lender, and together with Calyon, Joint Mandatory Lead Arrangers (in such capacities, The Royal Bank of Scotland Plc or any successor in such capacity, the "Security Trustee"). The Finance Parties, as so defined, and the Security Trustee are collectively referred to herein as the "Secured Parties."

RECITALS

AGREEMENT

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

ARTICLE 1.

DEFINITIONS AND RELATED MATTERS

2025 RELEASE UNDER E.O. 14176

ARTICLE 2.

THE SECURITY INTEREST; SECURED OBLIGATIONS

Section 2.1. Security Interest. To secure the payment and performance of its Secured Obligations as and when due, each Grantor hereby conveys, pledges, assigns and transfers to the Security Trustee, for the benefit of the Secured Parties and subject to the Intercreditor Agreement, a security interest in, all right, title, claim, estate and interest of such

Grantor in and to all property and interests in property, whether now owned and existing or hereafter acquired or arising, and wherever located, including the following, provided, that, notwithstanding any other provision of this Agreement to the contrary, in no event and at no time shall any Grantor grant a security interest, or pledge or otherwise transfer as security to or for the benefit of the Security Trustee or the Secured Parties, in order to secure payment or performance of any obligation or liability of any US Obligor under the Finance Documents, in more than 66.6% of the partnership interests in or capital stock of, as the case may be, or other equity or beneficial ownership interests in, any Subsidiary of such Grantor that is organized under the laws of any jurisdiction other than a state of the United States, (such security interest, the "Security Interest") and such property and interests in property, as limited in respect of the obligations of the US Obligors to the Finance Parties being, collectively, the "Collateral"):

2.1.10. Any and all money and any and all general intangibles and contract rights (together with any property listed under clause 2.1.4. above, the "General Intangibles"), including the following:

2.1.10.2. any rights, claims, judgments, awards, orders or decrees arising out of or in connection with any judicial action, litigation, arbitration, mediation or other proceedings;

2.1.10.5. deposits, surety and other bonds, choses and things in action, goodwill, computer programs, computer software (including all source and object codes, all media of any type or nature on which such source or object codes are reproduced, copied, stored or maintained), technology processes, proprietary information, patents, patent applications, copyrights, copyright applications, trademarks, trademark applications, service marks, trade and other names, trade secrets and customer lists, including the Patents, Trademarks and Copyrights listed in Schedule 2.1.10.5.;

2.1.15. Any and all rights, remedies, powers and privileges of such Grantor with respect to any of the foregoing; and

2.1.16. Any and all proceeds and products of any of the foregoing, whether now held and existing or hereafter acquired or arising, except for dividends, other distributions and other proceeds permitted to be received pursuant to the Finance Documents (collectively, the "Proceeds"). "Proceeds" shall include (i) whatever is now or hereafter received by any Grantor upon the sale, exchange, collection, other disposition or operation of any item of Collateral, whether such proceeds constitute accounts, general intangibles, instruments, securities, investment property, documents, letters of credit, chattel paper, deposit accounts, money, goods or other personal property, (ii) any items that are now or hereafter acquired by any Grantor with any Proceeds of Collateral, (iii) any amounts now or hereafter payable under any insurance policy by reason of any loss of or damage to any Collateral or the business of any Grantor, (iv) all rights to payment for the sale of services or products in connection with the business of any Grantor and (v) the right to further transfer, including by pledge, mortgage, license, assignment or sale, any of the foregoing.

ARTICLE 3.

Section 3.5. Patents, Trademarks and Copyrights. As of the date hereof, Schedule 2.1.10.5 lists all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, copyrights and copyright applications (collectively, "Patents Trademarks and Copyrights") in which any Grantor has an interest. Except as disclosed on Schedule 3.5, all Patents, Trademarks and Copyrights are valid and enforceable and the relevant Grantor is the sole and exclusive owner of each of the Patents, Trademarks and Copyrights, free and clear of any Encumbrances other than Permitted Security (including licenses, shop rights and covenants not to sue).

ARTICLE 4.

COVENANTS AND AGREEMENTS

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Section 4.3. Power of Attorney. Each Grantor hereby irrevocably appoints the Security Trustee and its employees and agents as such Grantor's true and lawful attorneys-in-fact, with full power of substitution, to do, in each case, after notice from the Security Trustee to the relevant Grantor: (i) all things required to be done by such Grantor under this Agreement, and (ii) all things that the Security Trustee may deem reasonably necessary to assure the attachment, perfection and first priority of the Security Interest or otherwise to exercise the rights and remedies of the Secured Parties hereunder or carry out the intent of this Agreement, in each case irrespective of whether a Default or Event of Default then is continuing and at such Grantor's expense. Without limitation, the Security Trustee and its officers and agents shall be entitled to do all of the following, as fully as any Grantor might:

4.3.1. to sign the name of such Grantor on any Supplemental Documentation and to deliver and file such Supplemental Documentation to or with such Persons as the Security Trustee, in its reasonable discretion, may elect;

4.3.2. to sign any certificate of ownership, registration card, application therefore, affidavits or documents necessary to transfer title to any of the Collateral, to receive and receipt for all licenses, registration cards and certificates of ownership;

4.3.3. to affix, by facsimile signature or otherwise, the general or special endorsement of any Grantor, in such manner as the Security Trustee shall reasonably deem advisable, to any Pledged Collateral that has been delivered to or obtained by the Security Trustee without appropriate endorsement or assignment; and

Section 4.10. Protection of Security; Notice of Levy. Each Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all Persons and against all claims and demands and to preserve, protect and defend the Security Interest and the priority thereof, against any Encumbrances not permitted under the Facility Agreements.

ARTICLE 5.

RIGHTS AND REMEDIES ON DEFAULT

Section 5.1. Remedies. Upon or after the occurrence and during the continuation of any Event of Default, whether or not all the Secured Obligations shall have become immediately due and payable, but, in each case, subject to the proviso to the first paragraph of Section 2.1:

5.1.1. In addition to all its other rights, powers and remedies under this Agreement and Applicable Law, the Security Trustee shall have, and may exercise, any and all of the rights, powers and remedies of a secured party under the UCC, all of which rights, powers and remedies shall be cumulative and not exclusive, to the extent permitted by Applicable Law.

5.1.2. The Security Trustee shall have the right, all at the Security Trustee's sole option and as the Security Trustee in its discretion may deem necessary or advisable, to do any or all of the following:

5.1.2.1. to foreclose the Security Interest by any available judicial procedure or without judicial process;

5.1.2.2. to enter upon the premises of any Grantor or any other place or places where Collateral is located through self-help and without judicial process, without giving any Grantor notice and opportunity for a hearing on the validity of any Secured Party's claim and without any obligation to pay rent;

5.1.2.3. to inspect and appraise the Collateral and to prepare, repair, assemble or process the Collateral for sale, lease or other disposition;

5.1.2.4. to remove Collateral to the premises of the Security Trustee or any other location selected by the Security Trustee, for such time as the Security Trustee may desire, for any purpose not prohibited hereby;

5.1.2.5. to apply any Collateral or any other assets of any Grantor in the possession of the Security Trustee to the Secured Obligations;

5.1.2.6. to notify Account Debtors and other obligors on the Collateral that the Collateral has been assigned to the Security Trustee and that all payments thereon are to be made directly and exclusively to or as specified by the Security Trustee;

5.1.2.7. to collect by legal proceedings or otherwise all dividends, distributions, Interest, principal or other sums now or hereafter payable upon or on account of the Collateral;

5.1.2.8. to enter into any extension or reorganization agreement or any other agreement relating to or affecting the Collateral and, in connection therewith, deposit or surrender control of any Collateral or accept other property in exchange therefor,

5.1.2.9. to settle, compromise or release, on terms acceptable to the Security Trustee, in whole or in part, any amounts owing on the Collateral or any insurance thereof or relating thereto or any disputes with respect thereto or such insurance;

5.1.2.10. to exercise all rights and powers under Contractual Obligations included in the Collateral, including any right of termination; and

5.1.2.11. to exercise any and all other rights, powers, privileges and remedies of an owner of the Collateral.

5.1.4. Until the Security Trustee is able to effect a sale, lease or other disposition of Collateral or any part thereof, the Security Trustee shall have the right to use, process or operate the Collateral or any part thereof to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Security Trustee. The Security Trustee shall have the right, without notice or demand, either in person or by Security Trustee, and without regard to the adequacy of any security for the Secured Obligations, to take possession of the Collateral or any part thereof and to collect and receive the rents, issues, profits, income and proceeds thereof. Taking possession of the Collateral shall not cure, waive or affect an Event of Default or notice thereof or invalidate any act done pursuant to such notice.

5.1.5. The Security Trustee may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Security Trustee's remedies with respect to such appointment without prior notice or hearing. The rights, remedies and powers of any receiver appointed by a court shall be as ordered by the court.

5.1.6. The Security Trustee shall have the right to sell, lease, or otherwise dispose of all or any Collateral in its then existing condition, or after any further

assembly, manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by Section 5.3., in lots or in bulk, for cash or on credit, with or without representations or warranties, all as the Security Trustee, in its discretion, may deem advisable. The Security Trustee shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. If sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Security Trustee until the sale price is paid by the purchaser or purchasers thereof, but the Security Trustee shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. The Security Trustee shall have the right to conduct such sales on any Grantor's premises or elsewhere and shall have the right to use such Grantor's premises without charge for such sales for such duration as the Security Trustee deems necessary. The Collateral need not be present at any such sales. To the extent necessary or desirable, in the judgment of the Security Trustee, to enable the Security Trustee to dispose of Collateral following an acceleration, the Security Trustee is authorized, without any obligation for rent, license fees or other charge, to use the supplies, equipment, facilities and space at each Grantor's place of business and is hereby granted a license or other right to use, without charge, the Patents, Trademarks and Copyrights, trade secrets, names, trade names, customer lists, labels, advertising matter, and all property of a similar nature that each Grantor owns or is entitled to use, as it pertains to any Collateral, in preparing, repairing, assembling, processing, advertising for sale or lease or otherwise in connection with the disposition of any Collateral, and each Grantor's rights under all licenses and all franchise agreements shall to such extent and for such purpose inure to the Security Trustee's benefit. The Security Trustee may purchase all or any part of the Collateral at public or, if permitted by Applicable Law, private sale, and in lieu of actual payment of the purchase price, the Security Trustee may apply against such purchase price any amount of the Secured Obligations.

ARTICLE 6.

GENERAL

Section 6.7. Continuing Security Interest; Termination. This Agreement shall create a continuing security interest in the Collateral and, except as provided below, the Security Interest and all agreements, representations and warranties made herein shall survive until, and this Agreement shall terminate only upon, the indefeasible payment and performance in full of the Secured Obligations. Any investigation at any time made by or on behalf of the Secured Parties shall not diminish the right of any Secured Party to rely on any such agreements, representations or warranties herein. Notwithstanding anything in this Agreement or Applicable Law to the contrary, the agreements of the Grantors set forth in Section 6.1. shall survive the payment of all other Secured Obligations and the termination of this Agreement. Upon termination of this Agreement, the Security Trustee shall, upon the request and at the expense of the Grantor, forthwith assign, transfer and deliver to the Grantor or its order, against receipt and without recourse to the Secured Parties, such of the Collateral as may be in possession of the Security Trustee and as shall not have been sold or otherwise applied pursuant to the terms hereof, together with proper instruments (including UCC termination statements on Form UCC-3 or such other form as may, be appropriate in any jurisdiction) acknowledging the termination of this Agreement.

Section 6.15. Releases.

6.15.1. At such time as the Secured Obligations shall have been indefeasibly paid in full and the Finance Parties have no further obligations under the Finance Documents, the Collateral shall be released from the Encumbrances created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Secured Parties and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any pay, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Security Trustee shall deliver to such Grantor any Collateral held by the Security Trustee hereunder, against receipt and without recourse or

warranty of any kind, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

6.15.2. If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Facility Agreements, then the Security Trustee, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Encumbrances created hereby on such Collateral.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

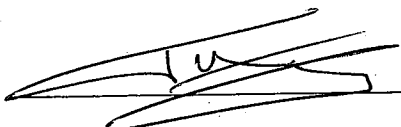
DS HOLDINGS (USA), INC.

By:  _____

Name: _____

Title: _____

DELORO STELLITE HOLDINGS
CORPORATION

By:  _____

Name: _____

Title: _____

DELORO STELLITE L.P.

BY: DSGP, LLC

General Partner

By: 

Name: _____

Title: _____

DELORO HOLDINGS, INC.

By: 

Name: _____

Title: _____

DELORO GP, LLC

By: 

Name: _____

Title: _____


DSGP, LLC

By: 

Name: _____

Title: _____

ROYAL BANK OF SCOTLAND Plc, as
Agent, as Security Trustee, Issuing Bank,
Ancillary Lender, Arranger and for the
Lenders

By: 
Name: Archeve Young
Title: _____

SCHEDULE 2.1.10.5 (CONTINUED)

TRADEMARKS

<u>Trademark</u>	<u>Registered No.</u>	<u>Date of Filing</u>	<u>Owner</u>
Tristelle	1,989,678	February 21, 1995	Deloro Stellite Holdings Corporation
Nistelle	1,990,880	February 21, 1995	Deloro Stellite Holdings Corporation
Stelcar	1,990,879	February 21, 1995	Deloro Stellite Holdings Corporation
Stellite	1,715,027	February 22, 1991	Deloro Stellite Holdings Corporation
T-800	1,683,584	February 22, 1991	Deloro Stellite Holdings Corporation
Stellite	114,239	July 22, 1916	Deloro Stellite Holdings Corporation
Stellite	1,652,889	August 29, 1990	Deloro Stellite Holdings Corporation
+star design Stellite	1,715,027	February 22, 1991	Deloro Stellite Holdings Corporation
+star design T- 400	2,914,610	October 24, 2003	Deloro Stellite Holdings Corporation
T-800	1,683,584	February 22, 1991	Deloro Stellite Holdings Corporation
JK	1,561,780	September 28, 1988	Deloro Stellite Holdings Corporation
Jet Kote	1,558,845	September 28, 1988	Deloro Stellite Holdings Corporation
Jet Kote	1,558,763	September 28, 1988	Deloro Stellite Holdings Corporation
Deloro	1,154,508	January 11, 1979	Deloro Stellite Holdings Corporation
Nucalloy	1,061,512	October 10, 1975	Deloro Stellite Holdings Corporation
Tribaloy	979,267	October 2, 1972	Deloro Stellite Holdings Corporation
Stellite	114,239	July 22, 1916	Deloro Stellite Holdings Corporation

TRADEMARK

REEL: 003307 FRAME: 0515

Multipass	1,309,755	March 30, 1983	Deloro Stellite Holdings Corporation
Stoody	1,255,801	January 21, 1981	Deloro Stellite Holdings Corporation
Starweld	2,247,123	July 9, 1997	Deloro Stellite Holdings Corporation
Delcrome	2,275,328	September 11, 1997	Deloro Stellite Holdings Corporation

Schedule 3.2

Locations and Names

A. DS Holdings (USA), Inc.
Organization number: 2778295

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

C. Deloro Stellite, LP
Organization number: 0875149

Former/Trade Name(s):f/k/a Stoodly Deloro
Stellite; Deloro Stellite Group; Inc. merged
into Deloro Stellite Company, Inc.
on 9/25/97
Stellite Coatings (Trade Name)

B. Deloro Stellite Holdings Corporation
Organization Number: 2177944

Former/Trade Name(s):
f/k/a MAG Acquisition Corp.

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

Other Places of Business
1201 Eisenhower Drive North
Goshen, Indiana 42526
(Elkhart County)

D. DSGP, LLC
Organizational number: 3739108

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

E. Deloro GP, LLC
Organizational number: 3618781

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

F. Deloro Holdings, Inc.
Organizational number: 3618778

Chief Executive Office
900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA

SCHEDULE 3.5

INTELLECTUAL PROPERTY EXCEPTIONS

None.

SCHEDULE 6.4.

NOTICE ADDRESSES

Royal Bank of Scotland, Plc as Security Trustee:

Royal Bank of Scotland, Plc
Leveraged Finance
135 Bishopsgate
London
EC2M 3UR
Attention: Grahame Young

Grantors:

DS Holdings (USA), Inc.: 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski

Deloro Stellite Holdings Corporation: 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski

Deloro Holdings, Inc.: 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski

Deloro Stellite L.P.: 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski

Deloro GP, LLC: 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski

DSGP, LLC 900 South Highway Drive
Suite 104
St. Louis, Missouri 63026 USA
Attention: John Pawlikowski