

04-21-2000



Form PTO-1595

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U.S. Department of Commerce  
Patent and Trademark Office

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

1. Name of conveying party(ies):

Brotech Corp.  
150 Monument Road, Suite 202  
Bala Cynwyd, PA 19004

3-20-00

Additional name(s) of conveying party(ies) attached?  yes

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

General Electric Capital  
Corporation  
777 Long Ridge Road  
Building A, 3rd Floor  
Stamford, CT 06927

200 MAR 20 AM 10:50  
OPR/FINANCE

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other \_\_\_\_\_
- Merger
- Change of Name

Execution Date: 3/1/2000

Additional name(s) & address(es) attached? No

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

If this document is being filed with a new application, the execution date of the application is:

A. Patent Application No(s).

Please see attached Schedule A  
attached to Security Agreement.

Additional number(s) attached? No

B. Patent No(s).

Additional number(s) attached? No

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

Aldrich B. Davis, Esq.  
Ober, Kaler, Grimes & Shriver  
120 E. Baltimore Street  
Baltimore, MD 21202

6. Total number of applications and patents involved: 2

7. Total fee (37CFR3.41) \$80

- Enclosed
- Authorized to be charged to deposit account

8. Charge any deficiency to Deposit account:

04/20/2000 DNGUYEN 00000365 08291572

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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 copy of the original document.

Aldrich B. Davis, Esq.

Name

*Aldrich B. Davis*

Signature

3/13/00

Date

Total number of pages including cover sheet, attachments, and documents: 11

#1. Additional names of conveying parties:

Purolite International Limited,  
a company registered in the United Kingdom  
under number 1840987

**PATENT SECURITY AGREEMENT**  
(Brotech Corp. and Purolite International Limited)

This Patent Security Agreement ("Agreement") is dated as of this 1st day of March, 2000, between BROTECH CORP., a Delaware corporation with a principal place of business at 150 Monument Road, Suite 202, Bala Cynwyd, Pennsylvania 19004 and PUROLITE INTERNATIONAL LIMITED, a company registered in the United Kingdom under number 1840987 (collectively the "Assignors") and GENERAL ELECTRIC CAPITAL CORPORATION, a New York corporation having an office at 777 Long Ridge Road, Bldg A, 3rd Floor, Stamford, Connecticut 06927, as agent for certain lenders (the "Assignee").

**BACKGROUND**

Pursuant to and subject to the terms and conditions of that certain Term Loan Agreement dated November 25, 1997 (as the same from time to time may be amended, restated, supplemented or otherwise modified, the "Term Loan Agreement") by and among (a) the Assignors, Bro-Tech Limited and Purolite (Deutschland) GmbH (collectively, the "Term Loan Borrowers"), (b) General Electric Capital Corporation in its capacity as a lender ("GE Capital") and Principal Mutual Life Insurance Company, predecessor in interest to Principal Life Insurance Corporation ("Principal") (GE Capital, Principal, and any other lenders from time to time party to the Term Loan Agreement being hereinafter called collectively the "Lenders"), and (c) General Electric Capital Corporation in its capacity as agent for the Lenders (in such capacity, the "Agent"), the Lenders agreed, among other things, to make a term loan to the Term Loan Borrowers in the aggregate principal amount of \$52,000,000 (the "Term Loan").

As used herein, the term "Loan Documents" means collectively the Term Loan Agreement, and all notes, guaranties, mortgages, security agreements, debentures, and other documents previously, simultaneously, or hereafter executed and delivered by the Borrowers or any other party or parties to evidence, secure, or guarantee, or in connection with, the Term Loan.

In March, 1999, the Borrowers notified the Agent and each of the Lenders that the financial statements delivered to them just prior to closing were incorrect in certain material respects relating to the inventory numbers, thus putting them in default of the provisions of Section 8.1(e) of the Term Loan Agreement.

In addition, based upon the Borrowers' own internally-prepared consolidated financial statements, the Borrowers failed to meet the various financial covenants set forth in the Term Loan Agreement for the measurement period ending December 31, 1998.

Similarly, such facts caused the Borrowers to be in default to First Union National Bank ("First Union"), the Borrowers' working capital lender, under the revolving credit facility made available by it to the Borrowers. By virtue thereof, the Borrowers were then also in default of the provisions of Sections 5.15 and 8.1(d) of the Term Loan Agreement (the foregoing defaults being hereinafter collectively referred to as the "Initial Defaults").

On April 1, 1999, the Agent, on behalf of itself and the other Lenders, notified the Borrowers in writing of said Initial Defaults, and by virtue thereof, terminated the certain escrow arrangements with the Borrowers. In addition, pursuant to Section 8.2 of the Term Loan Agreement, the Agent notified the Borrowers that the interest rate applicable to the Term Loan and all other Obligations had been increased (retroactive to the date of the Initial Defaults, i.e., November 25, 1997) to the Default Rate (as specified in Section 1.3(d)) and that such Default Rate would continue to remain in effect until all Obligations have been repaid in full or otherwise satisfied.

Subsequent thereto, the Borrowers requested that the Agent and the Lenders forbear temporarily from exercising their various rights and remedies, in order to give them sufficient time in which to refinance their Obligations elsewhere or to otherwise restructure their Obligations to the Lenders.

In mid-December, 1999, the Borrowers notified the Lenders that they had received a firm commitment from Fleet Capital Corporation ("FCC") to refinance their outstanding obligations to First Union. By letter dated December 14, 1999 from FCC to the Brotech Corp., FCC advised the Borrowers of its willingness to replace First Union as the Borrowers' working capital lender and to increase the maximum amount to be advanced from time to time under the Revolving Credit Facility from \$25,000,000 to \$27,000,000, thereby giving the Borrowers greater liquidity.

In light of the above, the Borrowers have now requested that the Lenders restructure the Obligations by (i) shortening the term of the Term Loan by changing the Termination Date (as defined in the Term Loan Agreement) from December 1, 2007 to January 15, 2003, (ii) changing the interest rate payable on the Term Loan, (iii) readvancing a portion of the Term Loan in the principal amount of \$1,500,000, which amount shall be used by the Borrowers to pay to the Agent, on behalf of the Lenders, on the date hereof certain accrued interest in the amount of \$1,500,000, and (iv) modifying certain other terms and conditions of the Term Loan Agreement and the other Loan Documents.

As a part of the Borrowers' restructuring plan, Purolite International Limited set up two new entities, Purolite Global Sales Limited, an English corporation ("PGSL"), and Purolite Korea, L L C., a Korean limited liability company, each of which is 100% owned by Purolite International Limited.

Since the creation of these two new subsidiaries is in violation of the provisions of Section 6.1 of the Term Loan Agreement (the "Additional Defaults", which together with the Initial Defaults are hereinafter collectively called the "Existing Defaults"), the Borrowers have also requested that the Lenders waive the Existing Defaults.

In order to induce the Lenders to agree to such restructuring, the Borrowers have offered to provide to the Lenders (a) a guarantee from PGSL, and (b) pledges of the shares and membership interests in certain new subsidiaries of Purolite International Limited for which the Lenders have not previously received a pledge of shares or membership interests.

In order to evidence such modifications to the Term Loan, the Existing Notes will be amended and restated pursuant to four Amended and Restated Notes of even date herewith (as the same may be amended, restated, supplement or otherwise modified, the "Amended Notes").

The Lenders have agreed to the Borrowers' request, subject to and upon the terms and conditions set forth in (a) a First Modification Agreement of even date herewith by and among the

Borrowers, the Lenders, the Agent, and various guarantors and pledgors of collateral with respect to the Term Loan (the "First Modification"), (b) an Amended and Restated Term Loan Note of even date herewith made payable to GE Capital, (c) an Amended and Restated Term Loan Note No. 1 of even date herewith made payable to Principal, (d) an Amended and Restated Term Loan Note No. 2 of even date herewith made payable to Principal and (e) an Amended and Restated Term Loan Note No. 3 of even date herewith made payable to Principal (the foregoing amended and restated term loan notes, as the same may from time to time be amended, restated, supplemented, or otherwise modified, being hereinafter called collectively, the "Notes").

The Term Loan Agreement provides that the Assignors, in order to secure the indebtedness evidenced thereby, shall grant and/or confirm to the Assignee a perfected security interest in certain property of the Assignors.

The Assignors desire to secure the indebtedness evidenced by the Term Loan Agreement and its duties and obligations thereunder by granting and/or confirming to the Assignee a continuing security interest in certain property of the Assignors, as hereinafter set forth.

Capitalized terms used herein without definition shall have the meanings ascribed to them in the Term Loan Agreement.

## AGREEMENTS

NOW THEREFORE, in consideration of the premises, and of the mutual covenants of the parties hereto, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Assignment of Patents. To secure the complete and timely payment and satisfaction of all Obligations under the Term Loan Agreement, the Assignors hereby grant, assign and convey to the Assignee, as agent for the Lenders, a security interest in and to all patent applications and patents of either or both of the Assignors, all of which are listed in Schedule A hereto (collectively called the "Patents"), including without limitation, all rights owned by either or both of the Assignors corresponding thereto throughout the world and all reissues, divisions, continuations, renewals, extensions and continuations-in-part and all proceeds thereof.

To the extent either or both of the Assignors have granted a security interest to the Assignee in any or all of the Patents prior to the date of this Agreement, either pursuant to the Term Loan Agreement or otherwise, this Agreement shall be deemed to be a reaffirmation of the previously granted security interest(s) The Assignors acknowledge that this Agreement does not extinguish the liens and security interests created under the Term Loan Agreement, and the Assignors reaffirm the previously granted security interests thereunder. It is the intention of the Assignors and the Assignee that all existing security interests will remain continuously perfected.

2. Warranties and Representations. The Assignors covenant and warrant that:
  - (a) The Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;

- (b) To the best of each Assignor's knowledge, each of the Patents is valid and enforceable;
- (c) The Assignors are the sole and exclusive owners of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any liens, charges and encumbrances, except the liens granted by the Assignors to secure the Assignors' obligations to Fleet and subject only to existing licenses;
- (d) The Assignors have the unqualified right to enter into this Agreement and perform its terms; and
- (e) To the best of each Assignor's knowledge, there are no infringement actions filed or threatened alleging that the Patents or the use thereof infringes any patents or other rights held by third parties, and the Assignors shall, in any event, jointly and severally indemnify and hold the Assignee harmless from all losses, damages, costs and expenses, including legal costs and counsel fees, incurred by the Assignee as the direct or indirect result of any action, claim or demand, whether groundless or otherwise, alleging any such infringement.

3. Right to Benefits. If, before the Obligations shall have been satisfied in full, either or both of the Assignors shall obtain rights to any patentable inventions, or become entitled to the benefit of any patent application 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 paragraph 1 shall automatically apply thereto and the Assignors shall give to the Assignee prompt written notice thereof.

4. Future Patents. The Assignors authorize the Assignee to modify this Agreement by amending Schedule A to include any future patents and patent applications which are Patents under paragraph 1 or paragraph 3 hereof.

5. Events of Default. The term "Event of Default", as used herein, shall mean: (a) any Event of Default under the Term Loan Agreement; and (b) any violation by either or both of the Assignors of any obligation, agreement, representation, warranty or covenant contained in this Agreement and any modification or amendment hereof which is not waived or cured and remedied within fourteen (14) calendar days after notice thereof to the Assignors.

6. Assignors' Right to Use Patents. Unless and until an Event of Default shall occur and be continuing, the Assignors shall retain the legal and equitable title to the Patents and shall have the right to use the Patents in the ordinary course of its business but shall not be permitted to sell, assign, transfer or otherwise encumber the Patents or any part thereof; provided, however, that nothing herein contained shall prohibit the Assignors from failing to renew or otherwise abandoning any item included within the Patents if, in the Assignors' good judgment, the retention of such item is not material to the proper conduct of its business, provided, however, that Assignors shall give the Assignee ten (10) days' prior written notice of any abandonment or failure to renew of any item included within the Patents.

7. Assignee's Rights As Secured Party. If any Event of Default shall have occurred and be continuing, the Assignee shall have, in addition to all other rights and remedies given it by this

Agreement and the Term Loan Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents may be located and, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to the Assignors, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Philadelphia, Pennsylvania or elsewhere, the whole or from time to time any part of the Patents, or any interest which the Assignors may have therein, and after deducting from the proceeds of sale or other disposition of the Patents all expenses (including all reasonable expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations. Notice of any sale or other disposition of the Patents shall be given to the Assignors at least fifteen (15) calendar days before the time of any intended public or private sale or other disposition of the Patents is to be made, which the Assignors hereby agree shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Assignee may, to the extent permissible under applicable law, purchase the whole or any part of the Patents sold, free from any right of redemption on the part of Assignors, which right is hereby waived and released.

8. Power of Attorney. If any Event of Default shall have occurred and be continuing, each Assignor hereby authorizes and empowers the Assignee to make, constitute and appoint any officer or agent of the Assignee as the Assignee may select in its exclusive discretion, as such Assignor's true and lawful attorney-in-fact, with the power to endorse such Assignor's name on all applications, documents, papers and instruments necessary for the Assignee to use and sell the invention disclosed and claimed in the Patents, or to grant or issue any exclusive or non-exclusive license under the Patents to any third person, or necessary for the Assignee to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to any third person. The Assignors hereby ratify all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.
9. Termination. At such time as the Assignors shall completely satisfy all of the Obligations and all other liabilities of the Assignors to the Assignee under the Loan Documents, the Assignee shall execute and deliver to the Assignors all deeds, assignments and other instruments as may be necessary or proper to re-vest in the Assignors the full unencumbered title to the Patents, subject to any disposition thereof which may have been made by the Assignee pursuant hereto.
10. Fees and Expenses of Assignee. If an Event of Default shall have occurred and be continuing, any and all fees, costs and expenses, of whatever kind or nature, including reasonable attorney's fees and legal expenses, incurred by the Assignee in connection with the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining, preserving the Patents, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, shall be borne and paid by the Assignors on demand by the Assignee and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Term Loan Agreement.

11. Protection of Patents.

- (a) The Assignors shall take all actions reasonably necessary to protect and defend the Patents and shall institute such proceedings to enforce the Patents and any licenses thereunder as it, in its reasonable business judgment, deems appropriate. The Assignee shall, upon the reasonable request of the Assignors, do any and all lawful acts and execute any and all proper documents in aid of such protection, defense and enforcement, and the Assignors shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in connection therewith.
- (b) If an Event of Default shall have occurred and be continuing, the Assignee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Patents and any license thereunder, in which event the Assignors shall at the request of the Assignee do any and all lawful acts and execute any and all proper documents required by the Assignee in aid of such enforcement, and the Assignors shall promptly, upon demand, reimburse and indemnify the Assignee for all costs and expenses incurred by the Assignee in the exercise of its rights under this paragraph 11.

12. No Waiver. No course of dealing between the Assignors and the Assignee nor any failure to exercise, nor any delay in exercising, on the part of the Assignee, any right, power or privilege hereunder or under the Term Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege.

13. Cumulative Rights. All of the Assignee's rights and remedies with respect to the Patents, whether established hereby or by the Term Loan Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

14. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or 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 Agreement in any jurisdiction.

15. Amendment. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 4.

16. Successors and Assigns. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

17. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the Commonwealth of Pennsylvania.

18. Judicial Proceedings. Each party to this Agreement agrees that any suit, action, or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party, on or with respect to this Agreement or the dealings of the parties with respect hereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY



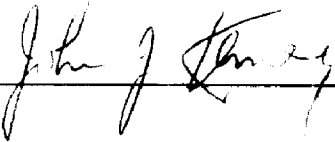
KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, the Assignors waive any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. THE ASSIGNORS ACKNOWLEDGE AND AGREE THAT THIS PARAGRAPH IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND THAT THE ASSIGNEE WOULD NOT EXTEND CREDIT TO THE ASSIGNORS IF THE WAIVERS SET FORTH IN THIS PARAGRAPH WERE NOT A PART OF THIS AGREEMENT.


19. Counterparts. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute one and the same instrument.

WITNESS the execution hereof under seal as of the day and year first above written.

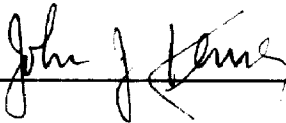
WITNESS/ATTEST:


BROTECH CORP.

  
\_\_\_\_\_

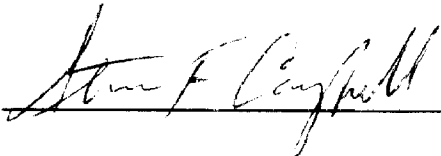
By:   
\_\_\_\_\_  
Name: Stefan Brodie  
Title: President

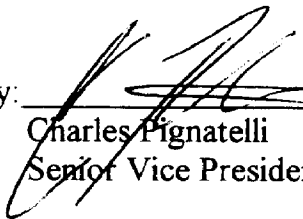
PUROLITE INTERNATIONAL LIMITED

  
\_\_\_\_\_

By:   
\_\_\_\_\_  
Name: Stefan Brodie  
Title: Director

GENERAL ELECTRIC CAPITAL CORPORATION

  
\_\_\_\_\_

By:   
\_\_\_\_\_  
Charles Pignatelli  
Senior Vice President

CERTIFICATES OF ACKNOWLEDGMENT

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF Philadelphia )

SS:

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 15th day of February, 2000, personally appeared Jeffrey D. Boller, to me known personally, and who, being by me duly sworn, deposes and says that he is the President of Brotech Corp., a Delaware corporation, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged said instrument to be the free act and deed of said corporation.

Anna I. Bauza  
Notary Public

NOTARIAL SEAL  
ANNA I. BAUZA, Notary Public  
Lower Merion Twp., Montgomery County  
My Commission Expires July 7, 2001

My commission expires: \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA )

COUNTY OF Philadelphia )

SS:

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 15th day of February, 2000, personally appeared Jeffrey D. Boller, to me known personally, and who, being by me duly sworn, deposes and says that he is the Director of Purolite International Limited, a company registered in the United Kingdom, and that the seal affixed to the foregoing instrument is the seal of said company, and that said instrument was signed and sealed on behalf of said company by authority of its Board of Directors, and that he acknowledged said instrument to be the free act and deed of said corporation.

Anna I. Bauza  
Notary Public

NOTARIAL SEAL  
ANNA I. BAUZA, Notary Public  
Lower Merion Twp., Montgomery County  
My Commission Expires July 7, 2001

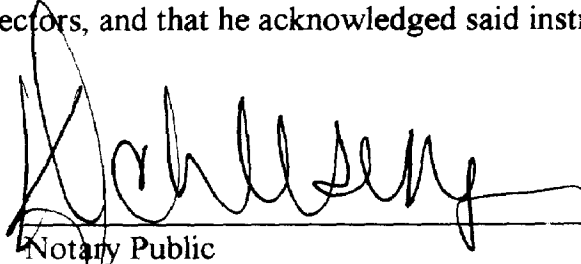
My commission expires: \_\_\_\_\_

STATE OF CONNECTICUT

COUNTY OF Fairfield

) ss: 043-78-527p

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 1<sup>st</sup> day of March, 2000, personally appeared Charles Pignatelli, to me known personally, and who, being by me duly sworn, deposes and says that he is a Senior Vice President of General Electric Capital Corporation, a New York corporation, and that the seal affixed to the foregoing instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged said instrument to be the free act and deed of said corporation.



Notary Public

My commission expires: Sept 30, 2003.

SCHEDULE A

PATENT APPLICATIONS (Both are assigned to Purolite International Limited)

Application or Patent No.:

U.S. Serial No. 08/291,572, which is a FWC of 07/972,717; which is a CIP of 07/578,333; which is a CIP of 07/249,297

Title:           MACROPOROUS RESINS HAVING LARGE PORES BUT WITH HIGH CRUSH STRENGTH

Status:          Application

Country:        USA

Application or Patent No.:

U.S. Serial No. 08/796,563

Title:           HIGH OXIDATION-RESISTANT RESINS

Status:          Application

Country:        USA