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Form PTO-1595
(Rev. 03/01)

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OMB No. 0651-0027 (exp. 5/31/2002)

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

1. Name of conveying party(ies):

Panex Corporation

2. Name and address of receiving party(ies)

Name: Theodore J. Thompson and

Freda A. Thompson

Internal Address: _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

Assignment

Merger

Security Agreement

Change of Name

Other _____

Street Address: 130 Industrial Boulevard

City: Sugar Land State: TX Zip: 77478

Execution Date: 5/21/02

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

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

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

A. Patent Application No.(s) 60/071,116

B. Patent No.(s) US5457988

US5455573

US5463903

Additional numbers attached? Yes No

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

Name: David S. Komiss II

Internal Address: David S. Komiss II, P.C.

Street Address: 6750 West Loop South

Suite 120

City: Bellaire State: TX Zip: 77401

6. Total number of applications and patents involved:

7. Total fee (37 CFR 3.41).....\$ 160.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

David S. Komiss II

Name of Person Signing

[Signature]
Signature

7/5/02

Date

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

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

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PATENT
REEL: 013056 FRAME: 0910

COLLATERAL PATENT ASSIGNMENT

THIS COLLATERAL PATENT ASSIGNMENT (this "Assignment"), is made the 21st day of May, 2002, by **PANEX CORPORATION**, a Texas corporation ("Panex") and **LEROY C. DELATORRE**, a Texas resident ("Delatorre") (Panex and Delatorre collectively called "Assignor"), in favor of **THEODORE J. THOMPSON** and **FREDA A. THOMPSON**, Texas residents (collectively, "Assignees").

WITNESSETH

WHEREAS, Panex borrowed from SouthTrust Bank, formerly known as SouthTrust Bank, N.A. (the "Bank") on or about September 16, 2000 the sum of \$421,888.83 (the "Note"), which Note constitutes the most recent renewal of a promissory note originally issued by Panex in favor of the Bank in 1996. The current balance of the Note as of May 15, 2002 is \$448,506.03, which Note continues to accrue interest from such date at the amount of \$80.01 per diem. The Note is secured by various collateral and the guaranty of Delatorre, including but not limited a security agreement covering general intangibles, including patent and proprietary rights held by Panex; and

WHEREAS, on or about this date the Bank assigned the Note and all loans and collateral documents relating thereto to the Assignees; and


WHEREAS, the assignment of the Note from the Bank to Assignees is a material benefit to Panex, which benefit was created pursuant to that certain Agreement of even date hereof, by and between Panex, Park One, Ltd., and the Assignees (the "Agreement") and that certain Modification and Extension Agreement of even date hereof, by and between the Assignees, as Holder, and Panex, as Obligor (the "Extension Agreement"), which allowed among other things additional time for Panex to pay the Note in full and additional time for Panex to pay other arrearages (the Agreement and the Extension Agreement collectively referred to as the "Agreements"); and

WHEREAS, Delatorre is an owner of Panex and has an interest in the Note and collateral thereto being assigned herewith, and as an owner of Panex is substantially benefitting from this transaction with the Assignees.

WHEREAS, pursuant to the Agreements, Assignor is indebted to Assignees for all amounts outstanding under the Note;

WHEREAS, as additional security for all obligations under the Agreements (the "Obligations"), Assignor has agreed to, among other things, execute this Assignment.

NOW, THEREFORE, in consideration of the above recitals and the agreements and understandings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Incorporation of Note and Agreements.** The Note and Agreements, and the terms and provisions thereof, are hereby incorporated herein in their entirety by this reference thereto. 

2. **Collateral Assignment of Patents.** To secure the complete and timely satisfaction of all of the Obligations, Assignor hereby grants, conveys and assigns to Assignees, as and by way of a 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 its now owned or existing and hereafter acquired or arising U.S. patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents and applications listed, from time to time, on Schedule A attached hereto and made a part hereof, and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (ii) all proceeds of the foregoing, including all income, royalties, damages and payments now and hereafter due or payable under or with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (i)-(iv), and together with all such rights and interests subsequently obtained by Assignor described in paragraph 5 below are sometimes hereinafter individually and collectively referred to as the "Patents").

3. **Restrictions on Future Agreements.** Assignor agrees that until the Obligations shall have been satisfied in the manner contemplated in the Note and the Agreements, Assignor will not, without Assignees' prior written consent, enter into any agreement (for example, a license agreement) which is inconsistent with Assignor's obligations under this Assignment, and Assignor further agrees that without Assignee's prior written consent 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, excluding non-payment of U.S. maintenance fees on patents which are not necessary or useful in the operation of Assignor's business or operations, which would affect the validity or enforcement of the rights transferred to Assignees under this Assignment.

4. **Covenants and Warranties.** Assignor represents and warrants that to the best of Assignor's knowledge: (i) the Patents are subsisting, have not been adjudged invalid or unenforceable in whole or in part, and are not currently being challenged in any way; (ii) none of the Patents has lapsed or expired; (iii) no claim has been made that the use of any of the Patents constitutes an infringement except as previously disclosed to Assignees; (iv) Assignor owns the entire right, title and interest in and to each of the Patents free and clear of any liens and encumbrances of every kind and nature; (v) Assignor has the right, power, and authority to enter into this Assignment and perform its terms; (vi) Assignor will continue to use, until the Obligations shall have been satisfied in the manner contemplated in the Note and the Agreements, proper statutory notice in connection with its use of the Patents; (vii) Assignor will use, until the Obligations shall have been satisfied in the manner contemplated in the Note and the Agreements, consistent standards of quality in its manufacture of products; and (viii) Schedule A lists, as of the date hereof, all of the Patents owned by or to which the Assignor is a party, as the case may be.

5. **New Patents.** If, before the Obligations shall have been satisfied in the manner contemplated in the Note and the Agreements, Assignor shall (i) obtain rights to any new patents or patentable inventions, or (ii) 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 2 above shall automatically apply thereto and Assignor shall give to Assignee prompt written notice thereof. Assignor hereby authorizes Assignees to modify this Assignment by amending Schedule A, as applicable, to include any future patents, patent applications which are Patents, as applicable, under paragraph 2 above or under this paragraph 5. However, even without an express amendment to said schedule, the foregoing property shall nevertheless be deemed fully assigned to Assignees as collateral security hereunder to the same full extent as if said schedules had been duly and expressly amended.



6. **Royalties; Terms.** Assignor hereby agrees that Assignees shall have no liability for royalties or other related charges from Assignees to Assignor. The term of the assignments granted herein shall extend until the earlier of (i) the expiration of each of the Patents assigned hereunder, or (ii) full, final and irrevocable payment and performance of the Obligations in the manner contemplated in the Note and the Agreements.

7. **Grant of License to Assignor.** Unless and until the expiration of the time period set forth in the Extension Agreement, Assignor shall be permitted to make, have made, use and sell the inventions disclosed and claimed in the Patents for Assignor's own benefit and account and for none other. From and after the expiration of the Extension Agreement, Assignor's right to use the Patents as set forth in this paragraph 7 shall terminate forthwith.

8. **Assignees' Right to Inspect.** Assignees shall have the right, at any reasonable time and from time to time during normal business hours, to inspect Assignor's premises and to examine Assignor's books, records and operations, including, without limitation, Assignor's quality control processes.

9. **Termination of Assignees' Security Interest.** Upon full, final and irrevocable payment and performance of the Obligations in the manner contemplated in the Note and the Agreements, title to the Patents shall revert to Assignor and Assignees shall execute and deliver to Assignor all termination statements and other instruments as may be necessary or property to terminate Assignees' security interest in and to revert in Assignor all right, title and interest in and to the Patents, subject to any disposition thereof which may have been made by Assignees pursuant hereto.

10. **Duties of Assignor.** Assignor shall have the duty (i) to prosecute diligently any patent application of the Patents pending as of the date hereof or thereafter until the Obligations shall have been paid in full, (ii) to make application on unpatented but patentable inventions, giving due consideration to value, cost, importance and opinion of counsel as to patentability, and (iii) to preserve, maintain and enforce against infringement all rights in patent applications and patents of the Patents, other than on-payment of maintenance fees on patents which are not necessary or useful in the conduct of Assignor's business or operations. Any expenses incurred in connection with such applications shall be borne by Assignor. Assignor shall not abandon any pending patent application or patent without the written consent of Assignees.

11. **Assignees' Right to Sue.** After the expiration of the Extension Agreement, Assignees shall have the right, but shall in no way be obligated, to: (i) bring suit in their own name to enforce the Patents, any licenses thereunder, and, if Assignees shall commence any such suit, Assignor shall, at the request of Assignees, do any and all lawful acts and execute any and all proper documents required by Assignees in aid of such enforcement, and Assignor shall promptly, upon demand, reimburse and indemnify Assignees for all costs and expenses incurred by Assignees in the exercise of its rights under this paragraph 11; and (ii) commence collection directly from any or all of Assignor's licenses of all royalty and other payments due under the terms of the Licenses, and Assignees may collection said payments, even if they elect not to assume, in whole or in part, obligations of Assignor under such Licenses, which election shall be at Assignees' sole option.

12. **Waivers.** No course of dealing between Assignor and Assignees, 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 Agreements 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 future exercise thereof or the exercise of any other right, power or privilege.

13. **Severability.** The provisions of this Assignment are severable, and if any clause or provision shall be held 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 Assignment in any jurisdiction.

14. **Modification.** This Assignment cannot be altered, amended or modified in any way, except as specifically provided in paragraph 5 hereof or by a writing signed by the parties hereto.

15. **Cumulative Remedies; Power of Attorney.** All of Assignees' rights and remedies with respect to the Patents, whether established hereby or by the Agreements, or any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Assignor hereby authorizes Assignees, after the occurrence, and during the continuation, of an Event of Default or after the expiration of the Extension Agreement, (i) to make, constitute and appoint any officer or agent of Assignees as Assignees may select, in their sole discretion, as Assignor's true and lawful attorney-in-fact, with power to endorse Assignor's name on any application, documents, papers and instruments necessary or desirable for Assignees in the use of the Patents, (ii) to take any other actions with respect to the Patents as Assignees deem in the best interest of Assignees, (iii) to grant or issue any exclusive or non-exclusive license under the Patents to anyone, or (iv) subject to the terms of any existing license agreement, to assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone. Assignees hereby ratify all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations shall have been paid in full. Assignor acknowledges and agrees that this Assignment is not intended to limit or restrict in any way the rights and remedies of Assignees under the Agreements, but rather is intended to facilitate the exercise of such remedies given them by the terms of this Assignment, 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 jurisdiction in which the Patents may be enforced and all other applicable laws.

16. **Binding Effect; Benefits.** This Assignment shall be binding upon the Assignor and its respective successors and assigns and shall inure to the benefit of Assignees, their nominees and assigns.

17. **Governing Law.** This Assignment shall be deemed to have been executed and delivered in the State of Texas, and shall be governed by and construed in accordance with the internal laws (as opposed to conflicts of law provisions) of the State of Texas.

WITNESS the due execution hereof as of the date first above written.

PANEX CORPORATION

By: 

Leroy C. Delatorre, President


LEROY C. DELATORRE

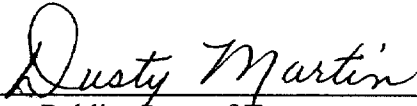
STATE OF TEXAS

COUNTY OF FORT BEND

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This instrument was acknowledged before me on the 21st day of May, 2002, by Leroy C. Delatorre, President of Panex Corporation, a Texas corporation, on behalf of said corporation, and individually.



Notary Public, State of Texas

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