

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT

CONVEYING PARTY DATA

Name	Execution Date
Arnold Magnetic Technologies Corporation	05/03/2010
The Arnold Engineering Co.	05/03/2010
Flexmag Industries, Inc.	05/03/2010
Magnetic Technologies Corporation	05/03/2010
Arnold Magnetic Technologies Holdings Corporation	05/03/2010
Arnold Investments, Ltd.	05/03/2010
Arnold Magnetic Technologies UK, LLC	05/03/2010
Precision Magnetics LLC	05/03/2010

RECEIVING PARTY DATA

Name:	LBC Credit Partners II, L.P., as Administrative Agent
Street Address:	Cira Centre, 2929 Arch Street
City:	Philadelphia
State/Country:	PENNSYLVANIA
Postal Code:	19104

PROPERTY NUMBERS Total: 11

Property Type	Number
Patent Number:	6850140
Patent Number:	6737451
Patent Number:	5716460
Patent Number:	5611872
Patent Number:	5653824
Patent Number:	5527399
Patent Number:	5942961
Patent Number:	5428332
Patent Number:	5180455

OP \$440.00 6850140

Patent Number:	D363340
Application Number:	11941112

CORRESPONDENCE DATA

Fax Number: (312)863-7865
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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Correspondent Name: Sharon Patterson, Paralegal
Address Line 1: Goldberg Kohn, 55 E Monroe St.
Address Line 2: Ste. 3300
Address Line 4: Chicago, ILLINOIS 60603

ATTORNEY DOCKET NUMBER:	6030.017
NAME OF SUBMITTER:	Sharon Patterson

Total Attachments: 8
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PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (the "Agreement") made as of this 3rd day of May, 2010, by Arnold Magnetic Technologies Corporation, a Delaware corporation ("Arnold"), The Arnold Engineering Co., an Illinois corporation ("Arnold Engineering"), Flexmag Industries, Inc., an Ohio corporation ("Flexmag"), Magnetic Technologies Corporation, a Delaware corporation ("Magnetic Technologies"; Arnold, Arnold Engineering, Flexmag and Magnetic Technologies being referred to collectively as "Borrowers", and each as a "Borrower"), Arnold Magnetic Technologies Holdings Corporation, a Delaware corporation ("Holdings"), Arnold Investments, Ltd., a Delaware corporation ("Arnold Investments"), Arnold Magnetic Technologies UK, LLC, a Delaware limited liability company ("Arnold UK") and Precision Magnetics LLC, a Delaware limited liability company ("Precision Magnetics"; the Borrowers and each of Holdings, Arnold Investments, Arnold UK and Precision Magnetics being referred to collectively as "Grantors", and each as a "Grantor"), in favor of LBC Credit Partners II, L.P., in its capacity as Administrative Agent under the Credit Agreement described below ("Grantee"):

WITNESSETH

WHEREAS, Borrowers, Grantee and Lenders are parties to a certain Credit Agreement of even date herewith (as the same may be amended or otherwise modified from time to time, the "Credit Agreement") providing for the extensions of credit to be made to Borrowers by Lenders;

WHEREAS, each of the Grantors (other than the Borrowers) has executed and delivered to Grantee, for its benefit and the benefit of the Lenders, a certain Guaranty of even date herewith, pursuant to which such Grantors have guarantied the Obligations on the terms and provisions set forth therein;

WHEREAS, pursuant to the terms of a certain Security Agreement of even date herewith between Grantors and Grantee (as the same may be amended or otherwise modified from time to time, the "Security Agreement"), each Grantor has granted to Grantee, for the benefit of Lenders, a security interest in substantially all of the assets of such Grantor including all right, title and interest of such Grantor in, to and under all now owned and hereafter acquired Patents (as defined in the Security Agreement), and all products and proceeds thereof, to secure the payment and performance of the Obligations;

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

1. Incorporation of Credit Agreement and Security Agreement. The Credit Agreement and Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the payment and performance of the Obligations, each Grantor hereby grants to Grantee, for its

benefit and the benefit of Lenders, and hereby reaffirms its prior grant pursuant to the Security Agreement of, a continuing security interest in such Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether now owned or existing and hereafter created, acquired or arising:

(i) each Patent and application for Patent listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof; and

(ii) all products and proceeds of the foregoing, including, without limitation, any claim by such Grantor against third parties for past, present or future infringement of any Patent.

IN WITNESS WHEREOF, each Grantor has duly executed this Agreement as of the date first written above.

GRANTORS:

ARNOLD MAGNETIC TECHNOLOGIES CORPORATION

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer + Secretary

THE ARNOLD ENGINEERING CO.

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer + Secretary

FLEXMAG INDUSTRIES, INC.

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer, Vice President, Secretary + Treasurer

MAGNETIC TECHNOLOGIES CORPORATION

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer, Secretary + Treasurer

ARNOLD MAGNETIC TECHNOLOGIES HOLDINGS CORPORATION

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, each Grantor has duly executed this Agreement as of the date first written above.

GRANTORS:

ARNOLD MAGNETIC TECHNOLOGIES CORPORATION

By: _____
Name: _____
Title: _____

THE ARNOLD ENGINEERING CO.

By: _____
Name: _____
Title: _____

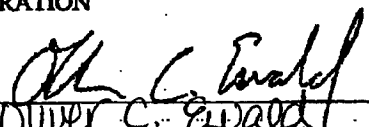
FLEXMAG INDUSTRIES, INC.

By: _____
Name: _____
Title: _____

MAGNETIC TECHNOLOGIES CORPORATION

By: _____
Name: _____
Title: _____

ARNOLD MAGNETIC TECHNOLOGIES HOLDINGS CORPORATION

By: 
Name: Oliver C. Edwards
Title: President & Secretary

ARNOLD INVESTMENTS, LTD.

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer, Secretary + Treasurer

ARNOLD MAGNETIC TECHNOLOGIES UK, LLC

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer

PRECISION MAGNETICS LLC

By: Michael J. Stachura
Name: Michael J. Stachura
Title: Chief Financial Officer

Agreed and Accepted
As of the Date First Written Above

LBC CREDIT PARTNERS II, L.P.,
as Administrative Agent

By _____
Name _____
Title _____

ARNOLD INVESTMENTS, LTD.

By: _____
Name: _____
Title: _____

ARNOLD MAGNETIC TECHNOLOGIES UK, LLC


By: _____
Name: _____
Title: _____

PRECISION MAGNETICS LLC

By: _____
Name: _____
Title: _____

Agreed and Accepted
As of the Date First Written Above

LBC CREDIT PARTNERS II, L.P.,
as Administrative Agent

By: 
Name: David E. Fraimow
Title: Vice President

SCHEDULE 1

PATENTS

Owner	Country	Title	Application No.	Filing Date	Patent No.	Issue Date
Magnetic Technologies Corporation	U.S.	Layered magnets and methods for producing same	10/658,895	9/10/03	6,850,140	2/1/2005
The Arnold Engineering Co.	U.S.	Thermally stable, high temperature, samarium cobalt molding compound	09/951,683	9/13/01	6,737,451	5/18/04
The Arnold Engineering Co.	U.S.	Methods for making magnetic strips	08/646,986	5/8/96	5,716,460	2/10/98
The Arnold Engineering Company	U.S.	Magnetic strips and methods for making same	08/412,165	3/28/95	5,611,872	3/18/97
The Arnold Engineering Company	U.S.	Magnetic strips and methods for making same	08/605,463	02/26/96	5,653,824	08/05/97
The Arnold Engineering Company	U.S.	Magnetic strips and methods for making the same	08/394,705	2/27/95	5,527,399	6/18/96
Flexmag Industries, Inc.	U.S.	Magnetized material having enhanced magnetic pull strength and a process and apparatus for the multipolar magnetization of the material	08/407,963	3/22/95	5,942,961	8/24/99

Owner	Country	Title	Application No.	Filing Date	Patent No.	Issue Date
Flexmag Industries, Inc.	U.S.	Magnetized material having enhanced magnetic pull strength and a process and apparatus for the multipolar magnetization of the material	08/249,668	5/26/1994	5,428,332	6/27/1995
Flexmag Industries, Inc.	U.S.	Low specific gravity binder for magnets	08/503,870	7/18/95	5,567,757	10/22/96
Magnetic Technologies Corporation	U.S.	Rare earth anisotropic magnetic materials for polymer bonded magnets	08/251,455	5/31/94	5,470,400	11/28/95
Magnetic Technologies Corporation	U.S.	Magnetic materials	07/722,730	6/27/91	5,180,455	1/19/93
Flexmag Industries, Inc.	U.S.	Filter plate unit	07/455,018	12/4/89	D363,340	10/17/95
Flexmag Industries, Inc.	U.S.	Novel flexible magnet for use in small DC motors	07/121,373	11/16/87	4,881,988	11/21/89

PATENT APPLICATIONS

Owner	Country	Title	Application No.	Filing Date	Patent No.	Issue Date
Arnold Magnetic Technologies	U.S.	Flexible magnets having a printable surface and methods of production	11/941,112	11/16/2007	In process	N/A