No.

Vygen Corporation

Three-Year 15% Subordinated Convertible Income Debenture

Due March 1, 1989

Vygen Corporation, a New Jersey corporation, here called the Company, for value received, promises to pay to or registered assigns, the principal sum of on the first day of March, 1989, upon presentation and surrender of this Debenture at the office of the Company in Ashtabula, Ohio, and to pay interest thereon out of income exceeding its expenses (including taxes, interest and principal on loans obtained by the Company in connection with its acquisition of the assets and property of the Ashtabula, Ohio Polymers Division of the Diversitech General, Inc. and on loans incurred in the ordinary course of business by the Company and other proper charges of the Company) at the rate of 15% per annum, semi-annually, on the first days of March and September of each year, commencing September 1, 1987, until payment of such principal sum has been made, duly provided for or this Debenture surrendered for conversion as provided below. All interest payable hereon and not paid as required herein shall be cumulative. All payments shall be made by Company check.

1. Subordination. This income Debenture and all other Debentures of this series are in all respects secondary and subordinate to present or future borrowings by the company from banks, and notes or accounts payable of the Company, and all holders hereof accept and hold the same subject to the superior

rights and claims of the present or future bank debt, notes and accounts payable. These include all loans obtained in connection with the Company's acquisition of the assets and property of the Ashtabula, Ohio Polymers Division of Diversitech General, Inc. and on loans incurred in the ordinary course of business by the Company, including but not by way of limitation loans by the Company from Ambassador Factors Division of Fleet Factors Corp., AmeriTrust Company National Association and/or the United States Small Business Administration, the Ashtabula County 503 Corporation, the State of Ohio and Diversitech General Inc. No interest or principal shall be payable on any Debenture until all matured interest and principal payments due on these other credit obligations have been paid or provided for.

2. Restriction on Dividends and Liquidation Preference. All matured claims of the income Debenture holders against earnings or assets shall be and are hereby made superior to those of common stockholders, and the Company agrees that as long as any of its income Debentures are outstanding, it will not pay any dividends on its common stock until all accrued and unpaid interest on its income Debentures has been paid or provided for. In the event of dissolution or liquidation of the Company, the holders of all income Debentures shall be entitled to be paid in full, both principal and accrued interest, before any assets of the Company are distributed to any common stockholder.

3. Default. In case of any default under the income Debenture of any of the provisions herein contained, the Company shall be given 90 days written notice before any legal action may be taken by the owner or holder hereof, or before the income

Debenture may be placed in the hands of an attorney for collection. At the option of the holder, failure of the Company to pay any installation of interest due and payable under the terms hereof within 90 days after written demand therefore has been made in the manner designated in the first sentence of this paragraph, shall mature the principal sum of this Debenture, and the same shall forthwith be and become due and payable.

4. Series. This Debenture is one of a duly authorized issue of Debentures of the Company designated as its Three Year 15% Convertible Income Debentures Due 1989, herein referred to as the Debentures, limited to the aggregate principal amount of $600,000.00.

5. Conversion. The registered holder of this Debenture has the right, at his option, at any time prior to maturity of the Debenture to convert the principal amount hereof into common shares of the Company, at the conversion price of one common stock share for each $1,000.00 of principal amount of the Debenture, upon surrender of the Debenture, at the office of the Company in Ashtabula, Ohio, accompanied by written notice of conversion and a written instrument of transfer in form satisfactory to the Company duly executed by the registered holder or his duly authorized attorney. The original conversion price is subject to adjustment from and after March 1, 1986 for stock splits, stock dividends or similar changes in the number of shares outstanding not resulting from the purchase or issuance of shares by the Company for good and valuable consideration. No adjustments in respect of interest or dividends will be made upon

any conversion. No fractional shares or scrip representing fractional shares will be issued upon any conversion, but an adjustment in cash will be made in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Debenture for conversion. Any stock issued shall be subject to the terms of a Shareholders Agreement dated between the Company and the holders of its common stock. A copy of the Shareholders Agreement may be obtained from the Company office in Ashtabula, Ohio.

6. Corporate Obligation. No recourse under this Debenture shall be had against any incorporator, shareholder, officer or director, past, present or future, of the Company; it being expressly understood that this Debenture is solely a corporate obligation of the Company, and that any and all such personal liability is hereby expressly waived and released by every holder hereof by the acceptance of this Debenture and as a part of the consideration for the issue hereof.

7. Registration of Debentures. Registry books will be kept by the Company. No transfer of any Debenture shall be valid unless made on the Company's books by the registered holder in person or by person duly authorized in writing.

IN WITNESS WHEREOF the undersigned has delivered this document.

Dated:

Vygen Corporation

Attest
(Seal)

____
Ronald Hornack, President

By______________________________
Secretary

BE IT RESOLVED:

In consideration of the efforts of Harry J. Pinto, Jr., of Mendham, New Jersey, in Vygen Corporation's acquisition of the Ashtabula, Ohio facility of Diversitech General, Inc. and the start up of its operations, Vygen Corporation grants to him the option to purchase up to fifty (50) shares of its one thousand (1,000) authorized shares of common stock at a price of Four Hundred ($400.00) per share at any time before March 1, 1993.

BE IT RESOLVED:

In consideration of the extraordinary efforts of Ronald A. Hornack in securing additional necessary financing for Vygen Corporation that corporation grants to him the right and option to buy so much or all of the not issued authorized stock of Vygen Corporation not taken by the holders of options, warrants and convertible debentures of Vygen Corporation. To exercise these rights he must pay the price set by the option, warrant or convertible debenture not used. Ronald A. Hornack will have one year after the rights of the holders of the options, warrants or convertible debenture shall expire to exercise his rights under this option. The rights granted by this option to Ronald A. Hornack will in no event require Vygen Corporation to increase its authorized stock.

BE IT RESOLVED that Vygen Corporation enter into a Shareholder Agreement with all Shareholders of record in the form attached.