

Additional name & address:

Velga Dravnieks
220 Madero Drive
Thiensville, WI 53092

PATENT COLLATERAL ASSIGNMENT

This AGREEMENT is made on the first day of August, 1998 by and between KD Engineering, Inc., a Wisconsin corporation, having a mailing address at P. O. Box 195, Hubertus, Wisconsin 53033-9799 ("Assignor") and KONSTANTINS DRAVNIEKS and VELGA DRAVNIEKS having a mailing address at 220 Madero Drive, Thiensville, Wisconsin 53092 (collectively, the "Secured Party").

BACKGROUND. Assignor and Secured Party have entered into a certain Consulting Agreement of even date herewith which the Assignor has an obligation to make certain payments to the Secured Party. In order to induce the Secured Party to execute and deliver the Consulting Agreement, Assignor has agreed to assign to Secured Party certain patent rights.

NOW, THEREFORE, in consideration of the premises Assignor hereby agrees with Secured Party as follows:

1. To secure the complete and timely satisfaction of all obligations or liabilities of Assignor under the Consulting Agreement, Assignor hereby grants, assigns and conveys to Secured Party the entire right, title and interest in and to the patent applications and patents listed in Schedule A hereto, including without limitation all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all re-issues, divisions, continuations, renewals, extensions and continuations-in-part thereof (collectively called the "Patents").
2. Assignor covenants and warrants that:
 - a. The Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part;
 - b. To the best of Assignor's knowledge, each of the Patents is valid and enforceable and Assignor has notified Secured Party in writing of all prior uses (including public uses and sales) of which it is aware;
 - c. Assignor is the sole and exclusive owner 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, including without limitation licenses, shop rights and covenants by Assignor not to sue third persons; and
 - d. Assignor has the unqualified right to enter into this Agreement and perform its terms and has entered and will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.

Except as specifically set forth above, Assignor does not warrant that the Patents might not be declared invalid if challenged in court.

3. Assignor agrees that, until all of the debts, obligations and liabilities of the Assignor to the Secured Party, whether under the Consulting Agreement, any Promissory Notes, or otherwise (the "Liabilities"), shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Assignor's obligations under this Agreement, without Secured Party's prior written consent.

4. If, before the Liabilities shall have been satisfied in full, Assignor shall obtain rights to any new 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 Assignor shall give to Secured Party prompt notice thereof in writing hereof.

5. Assignor authorizes Secured Party to modify this Agreement by amending Schedule A to include any future patents and patent applications which are Patents under paragraph 1 or paragraph 4 hereof.

6. Unless and until there shall have occurred and be continuing an event of default under the Consulting Agreement, Secured Party hereby grants to Assignor the exclusive, nontransferable right and license 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. Assignor agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Assignor in this paragraph 6, without the prior written consent of Secured Party.

7. If any event of default shall have occurred and be continuing, Assignor's license under the Patents as set forth in paragraph 6, shall terminate forthwith, and the Secured Party shall have, in addition to all other rights and remedies given it by this 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 limiting the generality of the foregoing, the Secured Party may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Assignor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in Ozaukee County, Wisconsin or elsewhere, the whole or from time to time any part of the Patents, or any interest which the Assignor 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 Liabilities. Any remainder of the proceeds after payment in full of the Liabilities shall be paid over to the Assignor. Notice of any sale or other disposition of the Patents shall be given to Assignor at least ten (10) days before the

time of any intended public or private sale or other disposition of the Patents is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition.

8. At such time as Assignor shall completely satisfy all of the Liabilities, Secured Party shall execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor full title to the Patents.

(Intentionally Deleted)

9. ~~Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, 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 Assignor on demand by Secured Party and until so paid shall be added to the principal amount of the Liabilities and shall bear interest at the rate prescribed in the Consulting Agreement.~~

(Intentionally Deleted)

10. ~~Assignor shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any patent application of the Patents pending as of the date of this Agreement or thereafter until the Liabilities shall have been paid in full, to make application on unpatented but patentable inventions and to preserve and maintain all rights in patent applications and patents of the Patents. Any expenses incurred in connection with such an application shall be borne by Assignor. The Assignor shall not abandon any right to file a patent application, or any pending patent application or patent without the consent of the Secured Party, which consent shall not be unreasonably withheld.~~

11. Secured Party 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 Assignor shall at the request of Secured Party do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

12. No course of dealing between Assignor and Secured Party, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Consulting Agreement shall operate as waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

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

14. The provisions of this Agreement 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 Agreement in any jurisdiction.

15. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 5.

16. 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. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of Wisconsin.

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

ASSIGNOR

KD ENGINEERING, INC.

By: Loretta L. Roetz
Loretta L. Roetz, President

Attest: President Thomas Roetz V.P.
(Title)

SECURED PARTY

By: Konstantins Dravnieks
Konstantins Dravnieks

Attest: _____
(Title)

By: Velga Dravnieks
Velga Dravnieks

Attest: _____
(Title)

Schedule A to a Patent Collateral Assignment dated August 1, 1998, between
KD Engineering, Inc. and Konstantins Dravnieks and Velga Dravnieks

Application or Patent No.	Country	Issue or Filing Date	Expiration Date	Title
No. 5,099,705	United States of America	March 31, 1992	March 31, 2009	Hand Held Reciprocating Working Tool