

03-03-2000

FORM PTO-1595
(Rev. 8-93)

OMB No. 0651-0011 (exp. 4/94)

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PATENTS ONLY

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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

8PR/FINANCE
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Huffy Corporation

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☒ Other Patent Collateral Assignment
and Security Agreement

Execution Date: January 26, 2000

2. Name and address of receiving party(ies)

Name: KeyBank National Association

Internal Address: _____

Street Address: 127 Public SquareCity: Cleveland State: OH ZIP: 44114Additional 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)

B. Patent No.(s) 5,201,538
5,388,735
D326,637

Additional numbers attached? ☒ Yes ☐ No

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

Name: Theodore D. LieneschInternal Address: Thompson Hine & Flory LLPStreet Address: 2000 Courthouse Plaza N.E.P.O. Box 8801City: Dayton State: Ohio ZIP: 45401-88016. Total number of applications and patents involved: 807. Total fee (37 CFR 3.41)\$ 3,200☒ Enclosed☐ Authorized to be charged to deposit account

8. Deposit account number:

20-0809

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

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9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and attached copy is a true copy of the original document.

John M. Mueller

Name of Person Signing

Reg. No. 44,248

Signature

Date

Total number of pages including cover sheet, attachments, and document: _____

Mail documents to be recorded with required cover sheet information to:
 Commissioner of Patents & Trademarks, Box Assignments
 Washington, D.C. 20231

PATENT
 REEL: 010567 FRAME: 0881

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

B. Patent No.(s)

5,019,312	5,159,712	5,478,100
4,337,962	D322,714	D361,543
D362,210	D355,872	D363,266
D353,793	D364,128	D364,834
D368,044	D346,489	D326,833
D325,184	D339,096	D344,253
D343,604	D349,667	D351,577
D359,014	D362,209	D368,679
D370,457	D372,212	D354,934
D356,301	D287,317	D316,697
D318,380	D362,210	D291,293
D300,912	D306,842	D311,508
D319,612	D411,145	4,265,378
D301,705	6,007,437	6,004,231
6,001,034	5,983,602	D411,255
4,583,732	4,653,646	4,826,162
5,388,735	D362,881	5,626,339
5,470,054	5,415,393	5,571,229
5,752,349	5,586,759	5,830,090
D371,813	D399,895	5,292,118
5,524,883	5,795,253	5,792,010
5,632,480	5,839,982	5,066,007
5,207,407	5,839,714	D402,338
D409,135	5,902,197	5,133,547
5,913,778	5,916,047	5,881,537
5,980,400	5,951,416	

PATENT COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS AGREEMENT ("**Agreement**"), dated January 26, 2000, is by and between HUFFY CORPORATION, an Ohio corporation ("**Debtor**"), with its chief executive office at 225 Byers Road, Miamisburg, Ohio 45342 and KEYBANK NATIONAL ASSOCIATION, an Illinois corporation, as agent pursuant to the Credit Agreement (as hereinafter defined) and Restructuring Agreement (as hereinafter defined) acting on behalf of the financial institutions which are parties thereto as lenders (in such capacity, "**Secured Party**"), having an office at 127 Public Square, Cleveland, Ohio 44114.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the patents and applications therefor described in Exhibit A hereto and made a part hereof;

WHEREAS, Debtor, Royce Union Bicycle Company ("**Royce**"), Huffly Service First, Inc. ("**Huffly Service**"), American Sports Design Company ("**ASDC**") and Washington Inventory Service ("**WIS**", and together with Debtor, Royce, Huffly Service and ASDC, each individually a "**Borrower**" and collectively, "**Borrowers**") have entered into a Credit Agreement dated as of the date hereof (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "**Credit Agreement**"), with Secured Party and KeyBank National Association, Bank One, N.A. (on behalf of Bank One, N.A., successor by merger to Bank One Dayton, N.A., and Bank One Michigan, N.A., successor by merger to NBD Bank), Bank of America, N.A., Fifth Third Bank, Western Ohio, National City Bank and The Prudential Insurance Company of America, as lenders (individually, each a "**Lender**", and collectively, "**Lenders**"), pursuant to which Agent and Lenders will make to Borrowers a term loan in the principal amount of \$40,000,000.00 as set forth in the Credit Agreement (the "**Loan**");

WHEREAS, contemporaneously with the making of the Loan, the Lenders, Asset Holdings Company VI, LLC and Selco Service Corporation (the "**Existing Lenders**"), on the one hand, and Huffly, on the other hand, will enter into a Restructuring Agreement dated as of the date hereof (as the same may be amended or modified from time to time, the "**Restructuring Agreement**"), pursuant to which the Existing Lenders will agree to waive during the period of time set forth therein the continuing events of default in respect of the existing indebtedness of Borrowers owed to them as of the date hereof or hereinafter arising and, during this time period, forbear from exercising their remedies as a result of such events of default (the "**Existing Indebtedness**");

WHEREAS, Huffly Brands Company, an Ohio corporation ("**HBC**") HCAC, Inc., an Ohio corporation ("**HCAC**"), Hufco-Delaware Company, a Delaware corporation ("**Hufco**"), Huffly Risk Management, Inc. ("**HRMI**") and Huffly Sports, Inc., a Wisconsin corporation ("**HSI**") (HSI, together with HBC, HCAC, HRMI and Hufco, jointly and severally, the "**Guarantors**") have absolutely and unconditionally guaranteed the payment and performance of the Loan and the Existing Indebtedness as set forth in the Guaranty Agreement dated of the date hereof,

by Guarantors in favor of Secured Party for and on behalf of Lenders and the Existing Lenders (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Guaranty");

WHEREAS, the Credit Agreement, the Restructuring Agreement, the Guaranty and all other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, or in connection with the Loan and the Existing Indebtedness or related thereto, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, are herein collectively referred to herein as the "Loan Documents";

WHEREAS, in order to induce Secured Party, Lenders and Existing Lenders to enter into the Credit Agreement, the Restructuring Agreement and the other Loan Documents, to induce the Lenders to make the Loan and to induce the Existing Lenders to forbear from exercising their remedies with respect to the Existing Indebtedness, Assignors have agreed to grant to Secured Party for the benefit of Lenders certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party for the benefit of Lenders and Existing Lenders a continuing security interest in and a general lien upon, and a conditional assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title and interest in and to all of Debtor's interest in any patents and all applications, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country, including, without limitation, those patents, applications, registrations and recordings described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any patents and all reissues, divisions, continuations, extensions and renewals thereof (all of the foregoing being collectively referred to herein as the "Patents"); (b) all present and future inventions and improvements described and claimed therein; (c) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (d) the right to sue for past, present and future infringements thereof; (e) all rights corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Debtor against third parties for past or future infringement of the Patents.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party for the benefit of Lenders and Existing Lenders pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party or any Lender or Existing Lender and/or any of their respective affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under the Guarantee, this Agreement, the Credit Agreement, the Restructuring Agreement, the other Loan Documents or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Credit Agreement and Restructuring Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party (all of the foregoing being collectively referred to herein the "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party, Lenders and Existing Lenders the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) Debtor shall pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full and clear title thereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Debtor shall, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of registered Patents as registered patents and to maintain all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except (i) the security interests granted hereunder and pursuant to the Loan Documents, (ii) the security interests permitted under the Loan Documents, and (iii) the licenses permitted under Section 3(e) below.

(c) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Documents. Nothing in this Agreement shall be deemed a consent by Secured

Party or any Lender or Existing Lender to any such action, except as such action is expressly permitted hereunder.

(d) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party or any Lender or to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral signed only by Secured Party or any Lender or Existing Lender or as otherwise determined by Secured Party or any Lender or Existing Lender. Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.

(e) As of the date hereof, Debtor does not have any Patents registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(f) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise for and on behalf of Lenders and Existing Lenders of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party or any Lender or Existing Lender to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, reasonable attorneys' fees and reasonable legal expenses. Debtor shall be liable to Secured Party, Lenders and Existing Lenders for any such payment, which payment shall be deemed an advance by Secured Party, Lenders and Existing Lenders to Debtor, shall be payable on demand together with interest at the Post-Default Rate (as defined in the Credit Agreement) and shall be part of the Obligations secured hereby.

(h) Debtor shall notify Secured Party in writing within ten (10) days after the filing of any application for the registration of a Patent with the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country. If, after the date hereof, Debtor shall (i) obtain any patent, including any reissue, division, continuation, continuation-in-part, or extension of any patent, file any patent application, including any application for reissue or extension of any patent, or any divisional, continuation, or continuation-in-part application in the United States Patent

and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, or (ii) become the owner of any patent or new patentable inventions used in the United States, any State thereof, any political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party or any Lender or Existing Lender, Debtor shall promptly execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party or any Lender or Existing Lender to evidence the security interest in and conditional assignment of such Patent in favor of Secured Party for the benefit of Lenders and Existing Lenders.

(i) Debtor has not abandoned any of the Patents and Debtor will not do any act, nor omit to do any act, whereby the Patents may become abandoned, invalidated, unenforceable, avoided or avoidable; provided, that, Debtor may abandon, omit to do such act or fail to maintain any of the Patents after thirty (30) days prior written notice to Secured Party with respect to any Patents that satisfy each of the following conditions: (i) any such Patent is no longer used or useful in the business of Debtor or any of its affiliates, (ii) any such Patent has not been used by Debtor or any of its affiliates for a period of six (6) months or more from the date of such written notice to Secured Party and (iii) any such Patent is not otherwise material to the business of Debtor or any of its affiliates in any respect and has little or no value. Debtor shall notify Secured Party immediately if it knows of any reason why any application, registration or recording with respect to the Patents may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor shall render any assistance, as Secured Party shall determine is reasonably necessary, to Secured Party, Lenders and Existing Lenders in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Patents as Debtor's exclusive property and to protect Secured Party's, Lenders' and Existing Lenders' interests therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(k) No material infringement or unauthorized use presently is being made of any of the Patents that would adversely affect in any material respect the fair market value of the Patents or the benefits of this Agreement granted to Secured Party including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party, Lenders and Existing Lenders hereunder. There has been no judgment holding any of the Patents invalid or unenforceable, in whole or part nor is the validity or enforceability of any of the Patents presently being questioned in any litigation or proceeding to which Debtor is a party Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any other process or product which infringes upon any Patent If requested by Secured Party or any Lender or Existing Lender, Debtor, at Debtor's expense, shall join with Secured Party, any Lender or Existing Lender in such action as Secured Party or any Lender,

in Secured Party's discretion, exercised reasonably, may deem advisable for the protection of Secured Party's, Lenders' and Existing Lenders' interests in and to the Patents.

(l) Debtor assumes all responsibility and liability arising from the use of the Patents and Debtor hereby indemnifies and holds Secured Party, Lenders and Existing Lenders harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees and reasonable legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Patent or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Credit Agreement and Restructuring Agreement.

(m) Debtor shall promptly pay Secured Party, Lenders and Existing Lenders for any and all reasonable expenditures made by Secured Party or any Lender or Existing Lender pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the Collateral, or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, and all reasonable collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the Post-Default Rate.

4. EVENTS OF DEFAULT

Subject to the terms of the Intercreditor Agreement, all Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party or any Lender or Existing Lender, upon the occurrence of any Event of Default, as such term is defined in the Credit Agreement, and/or any Default, as such term is defined in the Restructuring Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

Subject to the terms of the Intercreditor Agreement, at any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party and any Lender or Existing Lender, whether provided under this Agreement, the Credit Agreement, the Restructuring Agreement, the other Loan Documents, applicable law or otherwise, Secured Party shall have the following rights and remedies for and on behalf of Lenders and Existing Lenders which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may make use of any Patents for the sale of goods, completion of work-in-process or rendering of services or otherwise in connection with enforcing any other security interest granted to Secured Party or any Lender or Existing Lender by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine. Secured Party

and any Lender or Existing Lender may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Patents for any purpose whatsoever.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of twenty (20) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party, any Lender or any Existing Lender shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party, Lenders and Existing Lenders on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Debtor agrees that Secured Party, Lenders and Existing Lenders have no obligation to preserve rights to the Patents against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all reasonable legal, travel and other expenses which may be incurred by Secured Party, Lenders and Existing Lenders. Thereafter, Secured Party, Lenders and Existing Lenders may apply any remaining proceeds to such of the Obligations as Secured Party, Lenders and Existing Lenders may in their discretion determine. Debtor shall remain liable to Secured Party, Lenders and Existing Lenders for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party, Lenders and Existing Lenders on demand any such unpaid amount, together with interest at Post-Default Rate.

(f) Debtor shall supply to Secured Party, any Lender, any Existing Lender and their respective designees, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services to which the

Patents relate and Debtor's customer lists and other records relating to the Patents and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party or any Lender or Existing Lender to take any such action at any time. All of Secured Party's and Lenders and Existing Lenders' rights and remedies, whether provided under, this Agreement, the other Loan Documents, applicable law or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS, GOVERNING LAW

(a) The validity, interpretation and enforcement of this Agreement and the other Loan Documents and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Ohio (without giving effect to principles of conflicts of law).

(b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the state and federal courts on or for Cuyahoga County, Ohio and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Loan Documents or in any way connected or related or incidental to the dealings of Debtor and Secured Party, Lenders and Existing Lenders in respect of this Agreement or the other Loan Documents or the transactions related hereto or thereto, in each case whether now existing or thereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party or any Lender or Existing Lender shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party or any Lender or Existing Lender deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed ten (10) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's or any Lender's or Existing Lender's option, by service upon Debtor in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, Debtor shall appear in answer to such process, failing which Debtor shall be deemed in default and judgment may be entered by Secured Party or any Lender or Existing Lender against Debtor for the amount of the claim and other relief requested.

(d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY, LENDERS AND EXISTING LENDERS IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER LOAN

DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party, Lenders and Existing Lenders shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party or any Lender or Existing Lender that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party and each Lender and Existing Lender shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Loan Documents.

7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, ten (10) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor: Huffy Corporation
 225 Byers Road
 Miamisburg, Ohio 45342
 Attention: Nancy A. Michaud, Esq.

with a
copy to: John E. Barnes, Esq.
 Dinsmore & Shohl LLP
 1900 Chemed Center
 255 East Fifth Street
 Cincinnati, Ohio 45202

If to Secured KeyBank National Association
Party: 127 Public Square
 Mail Code: OH-01-27-0504
 Cleveland, Ohio 44114-1306
 Attention: Arthur E. Cutler, Vice President

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor, Secured Party, Lenders, or Existing Lenders and Borrowers pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder, this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

(c) This Agreement, the other Loan Documents and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party, Lenders, Existing Lender and their respective successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party and each Lender and Existing Lender. Secured Party, Lenders and Existing Lenders shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of their rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party, Lenders and Existing Lenders. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party and Lenders and Existing Lenders of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which or any Lender or Existing Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

HUFFY CORPORATION

By: *[Signature]*

Name:

Title:

KEYBANK NATIONAL ASSOCIATION,
as Agent

By: *[Signature]*

Name:

Title:

STATE OF OHIO)

COUNTY OF CUYAHOGA)

ss.:

On this 26th day of January, 2000, before me personally came *R. W. Lafferty*, to me known, who being duly sworn, did depose and say, that he/she is the VP-Finance of HUFFY CORPORATION, the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Alicia M. White

Notary Public

ALICIA M. WHITE, Notary Public

State of Ohio

My Commission Expires March 13, 2000

STATE OF OHIO)

COUNTY OF Cuyahoga)

ss.:

On this 26th day of January, 2000, before me personally came *Arthur E. Cutler*, to me known, who, being duly sworn, did depose and say, that he/she is the Vice Pres of KEYBANK NATIONAL ASSOCIATION, the corporation described in and which executed the foregoing instrument; and that he/she signed his/her name thereto by order of the Board of Directors of said corporation.

Alicia M. White

Notary Public

ALICIA M. WHITE, Notary Public

State of Ohio

My Commission Expires March 13, 2000

EXHIBIT A
TO
PATENT COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

LIST OF PATENTS AND PATENT APPLICATIONS

(See Attached)

A-1

Exhibit A

As of January 12, 2000

INTELLECTUAL PROPERTY PATENTS			
PATENT INFORMATION			
PATENT TITLE	COUNTRY PATENT/APP.NO	STATUS	ISSUE/ FILING DATE
ERGONOMIC CYCLES	US 5,201,538	Granted	4/13/93
DETACHABLE BASKET AND SUPPORT FOR A VELOCIPÈDE	US 5,388,735	Granted	2/14/95

INTELLECTUAL PROPERTY: PATENTS

PATENT TITLE	COUNTRY PATENT/APP.NO	STATUS	ISSUE/ FILING DATE
FAIRING FOR A BICYCLE HUB 764 D2	US D326,637	Granted	6/2/92
METHOD FOR ASSEMBLING A BICYCLE FRAME HUB 692 P2 DA (COMPOSITE LUG SYSTEM)	US 5,019,312	Granted	5/28/91
RADIO INTEGRATED WITH BICYCLE HANDLEBARS HUB 678 P2	US 5,159,712	Granted	10/27/92
BICYCLE FRAME HAVING THRU THE TUBE CABLE ROUTING HUB 080 P2	US 5,478,100	Granted	12/26/95
HANDLEBAR MOUNTING ASSEMBLY	US 4,337,962	Granted	7/6/95
HANDLEBAR-MOUNTABLE HANDBAG	US D322,714	Granted	12/31/91
BICYCLE FAIRING (DR. SHOCK 16" FOAM FAIRING) HUB 056 D2	US D361,543	Granted	8/22/95
SPROCKET COVER (POWER GUARD) HUB 059	US D362,210	Granted	9/12/95
BICYCLE CHAINGUARD (20" ARCHED CHAINGUARD) HUB 061 D2	US D355,872	Granted	2/28/95
BICYCLE RACK (CADDY RACK) HUB 057 D2	US D363,266	Granted	10/17/95
SPOCKET COVER (ULTRAGUARD) HUB 058 D2	US D353,793	Granted	12/27/94
BICYCLE [LIGHT BIKE (BICYCLE WITH LIGHT PAD)] HUB 088 D2	US D364,128	Granted	11/14/95
BICYCLE (LIGHT BIKE) [BICYCLE WITH LIGHT FAIRING] HUB 087	US D364,834	Granted	12/5/95
COMBINED BICYCLE REFLECTOR AND BRACKET HUB 957 D2 DI	US D368,044	Granted	3/19/96
BICYCLE BAG HUB 927 D2	US D346,489	Granted	5/3/94
CHAIN WHEEL COVER FRONT FACE FOR A BICYCLE	US D326,833	Granted	6/9/92

INTELLECTUAL PROPERTY: PATENTS

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT TITLE	COUNTRY PATENT/APP.NO	STATUS	ISSUE/ FILING DATE
SPROCKET COVER FRONT FACE FOR MOUNTING ON THE DRIVE SPROCKET OF A BICYCLE	US D325,184	Granted	4/7/92
HAND BRAKE ACTUATOR	US D339,096	Granted	9/7/93
BICYCLE FRONT FORK HUB926D2	US D344,253	Granted	2/15/94
BICYCLE BAG (PUPPY PLAY BAG) HUB 025 D2	US D343,604	Granted	1/25/94
BICYCLE (MUDLSINGER) HUB 027 D2	US D349,667	Granted	8/16/94
HANDLEBAR COVER HUB 019 D2	US D351,577	Granted	10/18/94
BICYCLE HUB 028 D2 (DR. SHOCK)	US D359,014	Granted	6/6/95
BICYCLES (SECRET TREASURES) HUB 029 D2	US D362,209	Granted	9/12/95
BICYCLE FRAME HUB 123 D2 (METALLOID FRAME)	US D368,679	Granted	4/9/96
BICYCLE FRAME COVER HUB 135 D2	US D370,457	Granted	6/4/96
BICYCLE (METALLOID BICYCLE) HUB 122 D2	US D372,212	Granted	7/30/96
BICYCLE (SLEDGEHAMMER BICYCLE) HUB 026 D2	US D354,934	Granted	1/31/95
BICYCLE RADIO	US D356,301	Granted	3/14/95
TRICYCLE SEAT	US D287,317	Granted	12/23/86
BICYCLE PEDAL	US D316,697	Granted	5/7/91
BICYCLE SADDLE	US D318,380	Granted	7/23/91
SPROCKET COVER	US D362,210	Granted	9/12/95
PEDAL FOR A BICYCLE	US D291,293	Granted	8/11/87
SEAT STAY BRACKET FOR A BICYCLE	US D300,912	Granted	5/2/89
BICYCLE FRONT SPROCKET	US D306,842	Granted	3/27/90
BICYCLE FRAME	US D311,508	Granted	10/23/90
GEAR SHIFTING CONSOLE FOR A BICYCLE	US D319,612	Granted	9/3/91

INTELLECTUAL PROPERTY: PATENTS**INTELLECTUAL PROPERTY: PATENTS**

PATENT TITLE	COUNTRY PATENT/APP.NO	STATUS	ISSUE/ FILING DATE
CYCLE PEDAL	US D301,705	Granted	6/20/89
STRUCTURAL FOAM BASKETBALL BACKBOARD WITH INMOLD GRAPHICS	US 6,007,437	Granted	12/28/99
MOLDED FRAME BACKBOARD ASSEMBLY AND METHOD OF MAKING SAME	US 6,004,231	Granted	12/21/99
BASKETBALL BACKBOARD SUPPORT POLE	US 6,001,034	Granted	12/14/99
METHOD OF PACKING A PORTABLE BASKETBALL SYSTEM	US 5,983,602	Granted	11/16/99
BICYCLE FRAME	UD D411,145	Granted	6/22/99

Patent Name	Patent Number	Date of Patent
Reversible Closure-Spout Assembly	4,265,378	May 5, 1981
Breakaway Basketball Goal	4,583,732	April 22, 1986
Singular Packaging System for Basketball Rim, Backboard and Pole	4,653,646	March 31, 1987
Compact Basketball Goal and Backboard Assembly	4,826,162	May 2, 1989
Detachable Basket and Support for a Velocipede	5,388,735	February 14, 1995
Basketball Backboard	Des. 362,881	October 3, 1995
Structural Foam Basketball Backboard with Inmold Graphics	5,626,339	May 6, 1997
One-Piece Extension Arm	5,470,054	November 28, 1995
Portable Basketball Goal with Collapsible Base	5,415,393	May 16, 1995
Ground Sleeve	5,571,229	November 5, 1996
Ground Sleeve	5,752,349	May 19, 1998
Basketball Goal Unit	5,586,759	December 24, 1996
Basketball Goal Unit	5,830,090	November 3, 1998
Front, Top, Bottom and Sides of a Basketball Backboard	Des. 371,813	July 16, 1996
Portion of a Front Surface of a Basketball Backboard	Des. 399,895	October 20, 1998
Basketball Backboard Elevator System	5,292,118	March 8, 1994

Patent Name	Patent Number	Date of Patent
Breakaway Net Attachment System	5,524,883	June 11, 1996
Basketball Goal Rim for Breakaway Net Attachment System and Method of Making Same	5,795,253	August 18, 1998
Basketball Net Clip for breakaway Net Attachment System	5,792,010	August 11, 1998
Basketball Goal Support Having Removable Ballast and Continuously Adjustable Pole	5,632,480	May 27, 1997
Steel Framed Basketball Backboard with Plastic Retainer and Method of Making Same	5,839,982	November 24, 1998
Differential Breakaway Basketball Goal	5,066,007	November 19, 1991
Portable Base for Basketball Backboard Support Pole	5,207,407	May 4, 1993
Basketball Backboard Support Assembly	5,839,714	November 24, 1998
Basketball Backboard	Des. 402,338	December 8, 1998
Cupholder	Des. 409,135	May 4, 1999
Foldable Portable Basketball Goal Assembly	5,902,197	May 11, 1999
Self-Adjusting Basketball Goal	5,133,547	July 28, 1992
Flanged Mounting System for an Inground Basketball System	5,913,778	June 22, 1999

Patent Name	Patent Number	Date of Patent
Portable Basketball Goal Support System with Separate Ballast Tank	5,916,047	June 29, 1999
Method of Packing a Basketball Goal Support System	5,881,537	March 16, 1999
Compression Molded Basketball Components with Inmold Graphics	5,980,400	November 9, 1999
Breakaway Net Attachment System	5,951,416	September 14, 1999
Portion of Front Surface of a Basketball Backboard	Des. 411,255	June 22, 1999

**EXHIBIT B
TO
PATENT COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

LICENSES

(See Attached)

NONE

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