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04-12-2000

FORM PTO-1595

(Rev. 6-93)

RECORDATI



TEET

U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office

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

PA... 101316893

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

1. Name of conveying party(ies):

KIT R. LEWIS and K&G MANUFACTURING, INC.

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

3. Nature of conveyance:

- ☐ Assignment
 ☐ Merger
☒ Security Agreement
 ☐ Change of Name
☐ Other

Execution Date(s): 11/19/99

2. Name and address of receiving party(ies):

Name: NORTHERN TOOL & EQUIPMENT COMPANY, INC.

Internal Address:

Street Address: 2800 Southcross Drive

City: Burnsville State: MN ZIP: 55306

Additional name(s) of conveying party(ies) 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).

Additional numbers attached? ☐ Yes ☒ No

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

Name: Christine A. Rice

Internal Address: 3400 Plaza VII Building

Street Address: 45 South Seventh Street

City: Minneapolis State: MN ZIP: 55402

Our File No.: 12908/71

6. Total number of applications and patents involved: 1

7. Total Fee (37 CFR 3.41).....\$40.00.

- ☒ Enclosed
☐ Authorized to be charged to deposit account
☒ Authorized to charge any underpayment or credit any overpayment to deposit account.

8. Deposit account number:

15-0627

(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.

Christine A. Rice, Paralegal

Name of Person Signing

Signature

Date

Total number of pages including cover sheet, attachments, and document: 3

Mail documents to be recorded with required cover sheet information to:
 U.S. Patent and Trademark Office, Office of Public Records, Crystal Gateway 4, Room 335
 Washington, D.C. 20231

TC2: 401953 v01 03/08/2000

PATENT
 REEL: 010668 FRAME: 0561

SECURITY AGREEMENT

Kit R. Lewis, a resident of the State of Oklahoma ("**Lewis**" or "**Guarantor**"), and K&G Manufacturing, Inc., an Oklahoma corporation ("**Borrower**"), hereby grant to Northern Tool & Equipment, Inc., a Minnesota corporation ("**Lender**"), pursuant to a Promissory Note dated evenly herewith and given by the Lender (the "**Note**"), and any subsequent holders of the Note (collectively, the "**Secured Parties**"), a security interest in the Collateral as defined below.

Background

WHEREAS, Lewis, Borrower and Lender have entered into an Asset Purchase Agreement and a Consulting Agreement both of even date herewith (the "**Purchase Agreements**") pursuant to which Lender has acquired substantially all of the assets held in connection with, necessary for, or material to Borrower's business of manufacturing and selling spraying equipment used for lawn and garden maintenance.

WHEREAS, in connection with the Purchase Agreements, Borrower is executing a Promissory Note of even date herewith in the principal amount of \$29,000 payable to the order of Lender (the "**Note**") and repayment of the Note is guaranteed by a guaranty dated of even date herewith (the "**Guaranty**") made by Guarantor. The Note, the Guaranty and this Security Agreement are collectively referred to as the "**Note Documents**". All obligations and liabilities of Borrower and Guarantor to Lender under the Purchase Agreements or the Note Documents and all amendments therein are referred to as the "**Obligations**".

WHEREAS, Borrower and Guarantor have determined that the execution, delivery and performance of the Note and this Security Agreement is in their best business and pecuniary interest.

Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, it is agreed as follows:

1. **Security Interests**. As security for the payment of all Obligations, Borrower and Guarantor hereby grant to the Secured Parties a continuing security interest and lien upon all of Borrower and Guarantors' current and future right, title and interest in the following property, hereinafter severally and collectively referred to as the "**Collateral**".

1.1 **Patent**: U.S. Patent Number 5752661 "Motorized Pump Backpack Liquid Sprayer" and any continuation, continuations in part, reissues, trade secrets, improvements, know how, foreign patents and U.S. or foreign patent applications relating thereto ("**Collateral Patents**").

1.2 **Inventory, Equipment and Tooling:** All inventories of raw materials or parts, work-in-process, finished goods (including all inventories consigned to dealers, sales representatives, and others), and accessories related to the Collateral Patents, wherever located along with all machinery, inventory, equipment, tools, displays, spare parts, and certain other personal property related to the Business including but not limited to the two (2) sets of blow-process molds presently located at the St. Louis, MO facility of Semco Plastic Company, Inc. ("**Semco**"), and the one (1) set of injection-process molds located at the Blackwell, OK facility of Excell Molding, Inc. ("**Excell**") together with all express and implied warranties by the manufacturers or sellers of those items, and all maintenance records, brochures, catalogues, and other documents relating to those items or to the installation or functioning of those items.

1.3 **Contracts:** All right, title, and interest in and to all customer purchase orders that arrive on or after the occurrence of an Assumption Event (as defined below) and all purchase orders that are unfulfilled as of the Assumption Event and to all supplier/vendor agreements relating to the Collateral Patents along with all claims, causes, or rights of action and intangible property rights arising from or concerning the Collateral Patents.

1.4 **Records.** All records, distributor, sales representative, customer and supplier/vendor lists (including contact names, addresses and telephone numbers for the foregoing and, in the case of vendor lists, a description of the items purchased from said vendors and including all reasonably available past customer lists), product information, product drawings, production documentation, material specifications, equipment lists, formulae, specifications, drawings, plans, reports, data, notes, correspondence, contracts, labels, catalogues, brochures, art work, photographs, advertising materials, marketing and production literature and videotapes (mastercopies) and print plates, production cost and inventory history, sales history information, files, and other records and documents concerning the Collateral, but excluding books of account, ledgers, and other financial records, and corporate records and minute books.

1.5 **Colorado Property:** The real property located in Rio Grande County, State of Colorado and as described further in the Mortgage as such term is defined in the Purchase Agreement (the "**Colorado Property**"). Seller hereby represents and warrants that he holds title to the Colorado property in Fee Simple. Seller hereby agrees to use his best efforts to cause the sale of the Colorado Property as immediately as possible. Seller agrees to pay all filing expenses related to the Mortgage.

2. **Location of Collateral.** At the time of attachment and perfection of the security interest granted pursuant hereto and thereafter, all Collateral will be located and will be maintained ONLY at the locations set forth above or where they currently reside. Such Collateral will not be removed from such locations unless, prior to any such removal, Borrower and Guarantor have given written notice to the Secured Parties of the location or locations to which Borrower or Guarantor desire to remove the Collateral, the Secured Parties have given their written consent to such removal and Borrower and Guarantor have delivered to the Secured Parties acknowledgment copies of financing statements filed where appropriate to continue the perfection of Secured Parties'

security interest therein.

3. **Authority.** There is vested in Borrower and Guarantor full power and authority to execute this Agreement and to subject the Collateral to the security interest created hereby.

4. **Further Documents.** Borrower and Guarantor will at any time or times hereafter, execute such financing statements, applications or certificates of title, and other instruments and perform such acts as the Secured Parties may request to establish and maintain an attached and perfected security interest in the Collateral. A carbon, photograph or other reproduction of this Agreement shall be sufficient as a financing statement. Other than the Deed of Trust dated October 28, 1998 among Lewis and The Rio Grande County Bank of Del Norte, CO and recorded on the Colorado Property, neither Borrower nor Guarantor have subjected nor shall they ever subject the Collateral to any other security interests, liens or encumbrances that are prior to or superior to the security interests granted to the Secured Parties hereby.

5. **Default.** Whenever a default in the terms governing payment or performance of any of the Secured Obligations shall exist or any breach of any obligation by Borrower or Guarantor shall have occurred hereunder (including without limitation the occurrence of any Event of Default as defined in the Note), or a case may be commenced by or against either of Borrower or Guarantor under Title 11 of the United States Code, or if any statement given by Borrower or Guarantor in this Agreement, the Note or the Purchase Agreements is untrue, unless and only except to the extent prevented by law (collectively, "**Assumption Events**"), the Secured Parties may, at their option and without demand or notice, in addition to the rights and remedies granted hereby or under any instruments evidencing or relating to any of the Secured Obligations, exercise all rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law. If a disposition of Collateral by the Secured Parties occurs, the proceeds of such disposition shall be applied as set forth in Minn. Stat. § 336.9-504.

6. **Availability of Collateral.** Borrower and Guarantor agree, in the event of foreclosure of the security interest created hereunder to make the Collateral available to the Secured Parties at a reasonable location designated by the Secured Parties.

7. **Consideration.** Borrower and Guarantor acknowledge receipt of consideration of reasonably equivalent value for execution hereof.

8. **GOVERNING LAW AND VENUE.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF THE STATE OF MINNESOTA. BORROWER AND GUARANTOR CONSENT TO THE PERSONAL JURISDICTION OF THE STATE AND FEDERAL COURTS IN MINNESOTA, U.S.A. IN CONNECTION WITH ANY CAUSE OF ACTION CONCERNING THIS PROMISSORY NOTE AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN SUCH COURTS.

9. **Amendment or Modification.** This Agreement may not be modified or amended except by a written instrument duly executed by Borrower and Guarantor and the Secured Parties

holding a majority of the outstanding balance of the Secured Obligations from time to time.

10. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties hereto in respect of the subject matter set forth herein and supersedes all prior agreements, arrangements and understandings relating to the subject matter hereof.

11. **Construction.** Whenever possible, each provision of this Agreement shall be interpreted so that it is valid under applicable law. If any provision of this Agreement is to any extent invalid under applicable law in any jurisdiction, that provision shall still be effective to the extent it remains valid and the entire Agreement shall also continue to be valid in other jurisdictions.

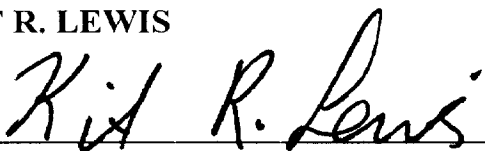
12. **Assignment.** This Agreement may not be assigned by Borrower or Guarantor without the prior written consent of Lender.

13. **Release of Security Interest.** As long as no continuing uncured default as described in Section 4 exists, the Secured Parties shall, at Borrower or Guarantors' expense, execute and deliver to the Borrower or Guarantor all UCC-3 statements, releases of any patent mortgages and other instruments as may be necessary to release the Security Interest in the Collateral upon the upon payment in full of the Secured Obligations.

14. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

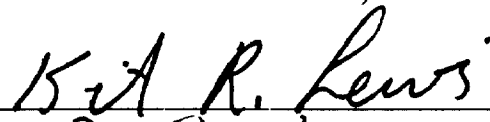
IN WITNESS WHEREOF, Borrower or Guarantor have caused the execution of this Security Agreement by their duly authorized representative as of the date and year first above written.

GUARANTOR: KIT R. LEWIS



Kit R. Lewis

BORROWER: K & G MANUFACTURING, INC.

By 

Title: President

LENDER: NORTHERN TOOL & EQUIPMENT COMPANY, INC.

By _____
Title: _____

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GUARANTOR: KIT R. LEWIS

Kit R. Lewis

BORROWER: K & G MANUFACTURING, INC.

By _____
Title: _____

LENDER:

NORTHERN TOOL & EQUIPMENT COMPANY, INC.

By 
Title: PRESIDENT