

10-7 '00

FORM PTO-1619A  
Expires 06/30/99  
OMB 0651-0027

U.S. Department of Commerce  
Patent and Trademark Office

12-13-2000



RECORDATION FORM COVER SHEET  
PATENTS ONLY

101539756

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)  
Document ID#

Correction of PTO Error  
Reel #  Frame #

Corrective Document  
Reel #  Frame #

Conveyance Type

Assignment  Security Agreement

License  Change of Name

Merger  Other

**U.S. Government**  
(For Use ONLY by U.S. Government Agencies)

Departmental File  Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached Execution Date  
Month Day Year

Name (line 1)  Execution Date Month Day Year

Name (line 2)

Second Party

Execution Date  
Month Day Year

Name (line 1)

Name (line 2)

S388893

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)     
City State/Country Zip Code

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

10/17/2000 NTHM11 00000310 5388893

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

PATENT  
REEL: 011164 FRAME: 0452

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages** Enter the total number of pages of the attached conveyance document including any attachments. #

**Application Number(s) or Patent Number(s)**

Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="5388893"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

**Patent Cooperation Treaty (PCT)**

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>
PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>

**Number of Properties**

Enter the total number of properties involved. #

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment:  
Deposit Account

Enclosed  Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

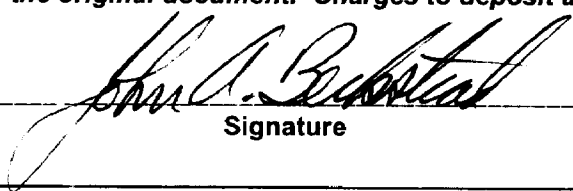
Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**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. Charges to deposit account are authorized, as indicated herein.*

John A. Beckstead  
Name of Person Signing



Signature

September 27, 2000  
Date

**COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT  
(Intellectual Property)**

This Collateral Assignment and Security Agreement (the "Agreement") is made between AZ Acquisition Corp. ("Borrower"), a Utah corporation, and Zions First National Bank ("Lender").

This Agreement is made pursuant to a Loan Agreement between Lender, Borrower, and AZ Holdings Corp. dated September 27, 2000 (the "Loan Agreement").

For good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Lender hereby agree as follows:

1. Definitions. Except as otherwise provided herein, terms defined in the Loan Agreement shall have the same meanings when used herein. Terms defined in the singular shall have the same meaning when used in the plural and vice versa. Terms defined in the Uniform Commercial Code as adopted now or in the future in the State of Utah which are used herein shall have the meanings set forth in the Utah Uniform Commercial Code, except as expressly defined otherwise. As used herein, the term:

“Collateral” means the collateral described in Section 2, Assignment and Grant of Security Interest.

“Copyrights” shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

“Default Rate” means the default interest rate provided in the Promissory Note (Revolving Line of Credit).

“Intellectual Property” shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

“Liquidation Costs” means the reasonable costs and out of pocket expenses incurred by Lender in obtaining possession of any Collateral, in storage and preparation for sale, lease or other disposition of any Collateral, in the sale, lease, or other disposition of any or all of the Collateral, and/or otherwise incurred in foreclosing on any of the Collateral, including, without limitation, (a) reasonable attorneys fees and legal expenses, (b) transportation and storage costs, (c) advertising costs, (d) sale commissions, (e) sales tax and license fees, (f) costs for improving or repairing any of the Collateral, and (g) costs for preservation and protection of any of the Collateral.

“Patents” shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

“Permitted Encumbrances” means liens for taxes and assessments not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which

appropriate reserves are maintained, security interests and liens created by the Loan Documents, security interests and liens created by the Amstel Loan Documents, covenants, representations, rights, easements and minor irregularities in title which do not materially interfere with the Borrower's business or operations as presently conducted, purchase money security interests and capital leases on which the aggregate outstanding principal balance and lease payments do not exceed five hundred thousand dollars (\$500,000.00), and security interests and liens authorized in writing by Lender.

"Trade Secrets" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

"Trademarks" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

2. Assignment and Grant of Security Interest.

a. Patents. Borrower hereby grants, assigns, and conveys to Lender, for purposes of security, all right, title and interest of Borrower in and to the patent applications and patents listed on the Schedule of Patents hereto, which is incorporated herein by reference, 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 reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof (collectively, the "Patents").

b. Trademarks. Borrower hereby grants, assigns, and conveys to Lender, for purposes of security, all right, title and interest of Borrower in and to the trademark applications and trademarks listed on the Schedule of Trademarks hereto, which is incorporated herein by reference, including, without limitation, all renewals thereof, 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, and all rights corresponding thereto throughout the world (collectively, the "Trademarks"), and the good will of the business to which each of the Trademarks relates.

c. Copyrights. Borrower hereby grants to Lender a security interest in all copyrights of Borrower and all rights and interests of every kind of Borrower in copyrights and works protectible by copyright, whether now owned or hereafter acquired or created, and all renewals and extensions thereof, and in and to the copyrights and rights and interests of every kind or nature in and to all works based upon, incorporated in, derived from, incorporating or relating to any of the foregoing or from which any of the foregoing is derived, and 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, and all rights corresponding thereto throughout the world (collectively, the "Copyrights").

d. Trade Secrets. Borrower hereby grants to Lender a security interest in all of Borrower's trade secrets and other proprietary information, now existing or created in the future, and all proceeds thereof (collectively, the "Trade Secrets").

e. Intellectual Property. Borrower hereby grants to Lender a security interest in all general intangibles of Borrower, presently existing or hereafter created, including general intangibles as defined in the Uniform Commercial Code, trademarks, service marks, business names, and goodwill relating thereto, copyrights (including, without limitation, copyrights for computer programs), whether or not published, unpatented inventions (whether or not patentable), patents, patent applications, all internet domain names and addresses, license agreements relating to any of the foregoing and all royalties and other income therefrom, books, records, computer tapes, disks and drives, flow diagrams, specification sheets, source codes, object codes, and all other physical manifestations of the foregoing, the right to sue for all past, present and future infringements of the foregoing, any and all claims for damages relating thereto, all rents, profits and issues thereof, and all proceeds thereof (collectively, the "Intellectual Property").

(The Patents, Trademarks, Copyrights, Trade Secrets, and Intellectual Property are collectively referred to herein as the "Collateral".)

Borrower and Lender acknowledge their mutual intentions that the assignment and security interests contemplated herein are given as a contemporaneous exchange for new value to Borrower, regardless of when advances to Borrower are actually made or when the Collateral is acquired.

3. License Back to Borrower for Patents. Unless and until there shall have occurred an event of default under this Agreement, Lender hereby grants to Borrower the exclusive, nontransferable right and license under the Patents to make, have made for it, use and sell the inventions disclosed and claimed in the Patents for Borrower's own benefit and account and for none other. Borrower agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Borrower in this Section, without the prior written consent of Lender.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Lender shall execute and deliver to Borrower all deeds, assignments, and other instruments as may be necessary or proper to re-vest in Borrower full title to the Patents, subject to any disposition thereof which may have been made by Lender pursuant hereto.

4. License Back to Borrower for Trademarks. Unless and until there shall have occurred an event of default under this Agreement, Lender hereby grants to Borrower the exclusive, nontransferable right and license to use the Trademarks on and in connection with products sold by Borrower and services provided by Borrower, for Borrower's own benefit and account and for none other. Borrower agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Borrower in this Section, without the prior written consent of Lender.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Lender shall execute and deliver to Borrower all deeds, assignments,

and other instruments as may be necessary or proper to re-vest in Borrower full title to the Trademarks, subject to any disposition thereof which may have been made by Lender pursuant hereto.

5. Debts Secured. The assignment and security interest granted by this Agreement shall secure all of Borrower's present and future debts, obligations, and liabilities of whatever nature to Lender, including, without limitation, (a) a Promissory Note (Revolving Line of Credit) of Borrower in favor of Lender dated on or about the date of this Agreement, in the original principal amount of one million dollars (\$1,000,000.00), and all renewals, extensions, modifications and replacements thereof (including any which increase the original principal amount), (b) a Promissory Note (Term Loan A) of Borrower in favor of Lender dated on or about the date of this Agreement, in the original principal amount of two million two hundred fifty thousand dollars (\$2,250,000.00), and all renewals, extensions, modifications, and replacements thereof (including any which increase the original principal amount), (c) a Promissory Note (Term Loan B) of Borrower in favor of Lender dated on or about the date of this Agreement, in the original principal amount of two million dollars (\$2,000,000.00), and all renewals, extensions, modifications, and replacements thereof (including any which increase the original principal amount), (d) all obligations of Borrower arising from or relating to the Loan Documents, including, without limitation, this Agreement, (e) advances of the same kind and quality or relating to this transaction, (f) transactions in which the documents evidencing the indebtedness refer to this assignment and grant of security interest as providing security therefor, and (g) all overdrafts on any account of Borrower maintained with Lender, now existing or hereafter arising.

Borrower and Lender expressly acknowledge their mutual intent that the assignment and security interest created by this Agreement secure any and all present and future debts, obligations, and liabilities of Borrower to Lender without any limitation whatsoever.

6. Location of Borrower and Collateral. Borrower represents and warrants that:

- a. Borrower is a corporation organized and existing under the laws of the State of Utah.
- b. Borrower's place of business is located in Utah County, Utah.
- c. Borrower's chief executive office is located in Utah County, Utah.

Borrower agrees that it will not change its state of incorporation, any of the above locations or create any new locations for such matters without giving Lender at least thirty (30) days prior written notice thereof.

7. Representations and Warranties Concerning Collateral. Borrower represents and warrants that:

- a. Borrower is the sole owner of the Collateral.

b. The Collateral is not subject to any license, security interest, lien, prior assignment, or other encumbrance of any nature whatsoever except for nonexclusive licenses granted in the ordinary course of business and Permitted Encumbrances.

c. All information set forth in the Schedules attached hereto is correct, accurate, and complete.

d. Each of the Patents is valid and enforceable. No claim has been made that the use of any of the Patents violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Patents.

e. Each of the Trademarks is valid and enforceable. No claim has been made that the use of any of the Trademarks violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Trademarks. Borrower has used consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

f. Each of the Copyrights is valid and enforceable. No claim has been made that any of the Copyrights violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Copyrights.

g. Except as set forth on the attached Schedule of Patents and Schedule of Trademarks, Borrower has no right, title, or interest in, or license to use, any patents, patent applications, unpatented inventions, trademarks, or copyrights which are material to the operation and conduct of Borrower's business as presently operated and conducted and as anticipated to be operated and conducted.

8. Covenants Concerning Collateral. Borrower covenants that:

a. Borrower will keep the Collateral free and clear of any and all security interests, liens, assignments or other encumbrances and licenses, except nonexclusive licenses granted in the ordinary course of business and Permitted Encumbrances.

b. Borrower agrees to execute and deliver any financing statements and other documents (properly endorsed, if necessary) reasonably requested by Lender for perfection or enforcement of any security interest or lien, and to give good faith, diligent cooperation to Lender, and to perform such other acts reasonably requested by Lender for perfection and enforcement of any security interest or lien. Lender is authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder.

c. Borrower shall promptly advise Lender of any material change in the composition of the Collateral, any material claim concerning the Collateral, including without limitation, the development of any new Collateral or any modification to the Collateral, any claim

of infringement, any claim challenging the validity or enforceability of any Collateral, and any other event which may have a material adverse effect upon any of the Collateral and/or the rights and remedies of Lender concerning the Collateral.

d. Borrower shall promptly apply for a patent for all new inventions which are patentable with the United States Patent and Trademark Office and promptly advise Lender of the filing of the application for such patent. Borrower shall use proper statutory notice in connection with all uses of the Patents.

e. Borrower shall promptly register all new trademarks which are eligible for registration with the United States Patent and Trademark Office and promptly advise Lender of the filing of the application for such registration. Borrower shall use proper statutory notice in connection with all uses of the Trademarks. Borrower shall use consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

f. Borrower shall promptly register all new copyrights with the United States Copyright Office and promptly advise Lender of the filing of the registration. Borrower shall use proper statutory notice in connection with all uses of the Copyrights.

9. Patent Provisions. So long as any obligations secured by this Agreement are outstanding and unpaid, if Borrower shall obtain any 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 Patents or any improvement on any Patent, this Agreement shall automatically apply thereto and Borrower shall give Lender prompt notice thereof in writing.

Borrower hereby authorizes Lender to modify this Agreement by amending the Schedule of Patents to include any future patents and patent applications of Borrower.

Borrower shall have the duty, through counsel acceptable to Lender, to prosecute diligently any patent applications currently pending or hereafter filed, to make application on unpatented but patentable inventions, and to preserve and maintain all rights in patent applications and patents, including, without limitation, payment of all maintenance fees. Any expenses incurred in connection with such actions shall be paid by Borrower. Borrower shall not abandon any right to file a patent application, any pending patent application, or any patent without the written consent of Lender.

So long as no event of default has occurred under this Agreement, Borrower shall have the right, with the consent of Lender, to bring suit in its own name, and to join Lender, if necessary, as a party to such suit so long as Lender is satisfied that such joinder will not subject Lender to any risk of liability, to enforce the Patents and any licenses thereunder. Borrower shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including legal fees, incurred by Lender pursuant to this Section 9.



10. Trademark Provisions. Borrower hereby grants Lender and its representatives the right to visit Borrower's offices, plants, and facilities to inspect products, materials, and quality control records relating to the Trademarks at reasonable times during regular business hours, upon reasonable notice and without unreasonable disruption of Borrower's business. Borrower shall do any and all acts requested by Lender to insure consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

Borrower authorizes Lender to modify this Agreement by amending the Schedule of Trademarks to include any future trademarks and trademark applications of Borrower.

Borrower shall have the duty, through counsel acceptable to Lender, to prosecute diligently any trademark applications currently pending or hereafter filed, to make federal application on unregistered but registerable Trademarks, to file and prosecute opposition and cancellation proceedings, and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks, including, without limitation, filing declarations and renewals of registrations. Any expenses incurred in connection with such actions shall be paid by Borrower. Borrower shall not abandon any Trademark or application for registration of a Trademark without the written consent of Lender.

So long as no event of default has occurred under this Agreement, Borrower shall have the right, with the written consent of Lender, to bring any opposition proceedings, cancellation proceedings, or lawsuit in its own name to protect or enforce the Trademarks, and to join Lender, if necessary, as a party to such suit so long as Lender is satisfied that such joinder will not subject Lender to any risk of liability. Borrower shall promptly, upon demand, reimburse and indemnify Lender for all damages, costs and expenses, including legal fees, incurred by Lender pursuant to this Section 10.

11. Right to Perform for Borrower. Lender may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax liens, security interests, or any other encumbrance upon the Collateral, perform any duty or obligation of Borrower, pay filing, recording, insurance and other charges payable by Borrower, or provide insurance as provided herein if Borrower fails to do so. Any such payments advanced by Lender shall be repaid by Borrower upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

Borrower hereby authorizes and empowers Lender to make, constitute and appoint any officer or agent of Lender, as Lender may select in its exclusive discretion, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use, preserve, or protect the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third person, or necessary for Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any third person, provided, however, that such power may not be exercised prior to the occurrence of an event of default hereunder. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be

done by virtue hereof. This power of attorney shall be irrevocable so long as any obligations secured hereby are outstanding and unpaid.

12. Default. Time is of the essence of this Agreement. The occurrence of any of the following events, and if required, the giving of any notice and passage of the prescribed time period without cure, shall constitute a default under this Agreement:

- a. Any representation or warranty made by or on behalf of Borrower in this Agreement is materially false or materially misleading when made;
- b. Borrower fails in the payment or performance of any obligation, covenant, agreement or liability arising from or related to this Agreement; or
- c. An Event of Default occurs.

Any default under this Agreement (other than an Event of Default, which shall be subject to the notice and cure periods set forth in the Loan Agreement) shall be subject to Lender first giving Borrower notice of such default and Borrower shall have thirty (30) days from the date of giving such notice to cure such default. If the default is cured within said thirty day period then Lender may not exercise any rights or remedies based upon that default.

No course of dealing or any delay or failure to assert any default shall constitute a waiver of that default or of any prior or subsequent default.

13. Remedies. Upon the occurrence of any default by Borrower under this Agreement. Lender shall have the following rights and remedies, in addition to all other rights and remedies existing at law, in equity, or by statute or provided in the Loan Documents:

- a. Lender shall have all the rights and remedies available under the Uniform Commercial Code;
- b. Lender shall have the right to enter upon any premises where the Collateral or records relating thereto may be and take possession of the Collateral and such records;
- c. Upon request of Lender, Borrower shall, at the expense of Borrower, assemble the Collateral and records relating thereto at a place designated by Lender and tender the Collateral and such records to Lender;
- d. Borrower's license under the Patents shall terminate upon notice from Lender;
- e. Borrower's license to use the Trademarks shall terminate upon notice from Lender;

f. Without notice to Borrower, Lender may obtain the appointment of a receiver of the business, property and assets of Borrower and Borrower hereby consents to the appointment of Lender or such person as Lender may designate as such receiver; and

g. Lender may sell, lease or otherwise dispose of any or all of the Collateral and, after deducting the Liquidation Costs, apply the remainder to pay, or to hold as a reserve against, the obligations secured by this Agreement.

Borrower shall be liable for all deficiencies owing on any obligations secured by this Agreement after liquidation of the Collateral. Lender shall not have any obligation to prepare any Collateral for sale, lease or other disposition.

The rights and remedies herein conferred are cumulative and not exclusive of any other rights and remedies and shall be in addition to every other right, power and remedy herein specifically granted or hereafter existing at law, in equity, or by statute which Lender might otherwise have, and any and all such rights and remedies may be exercised from time to time and as often and in such order as Lender may deem expedient. No delay or omission in the exercise of any such right, power or remedy or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver thereof or of any default or to be an acquiescence therein.

In the event of breach or default under the terms of this Agreement, Borrower agrees to pay all reasonable costs and expenses, including reasonable attorneys fees and legal expenses, incurred by or on behalf of Lender in enforcing, or exercising any remedies under, this Agreement, and any other rights and remedies. Additionally, Borrower agrees to pay all Liquidation Costs. Any and all such costs, expenses, and Liquidation Costs shall be payable by Borrower upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

Regardless of any breach or default, Borrower agrees to pay all reasonable expenses, including reasonable attorneys fees and legal expenses, incurred by Lender in any bankruptcy proceedings of any type involving Borrower, the Collateral, or this Agreement, including, without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral, or relating to any plan of reorganization.

14. Notices. All notices or demands by any party hereto shall be in writing and shall be sent as provided in the Loan Agreement.

15. Indemnification. Borrower shall indemnify Lender for any and all claims and liabilities, and for damages which may be awarded or incurred by Lender and for all reasonable attorneys fees, legal expenses, and other out-of-pocket expenses incurred in defending such claims, arising from or related in any manner to the negotiation, execution, or performance by Lender of this Agreement, but excluding any claims and liabilities based upon breach or default by Lender under this Agreement or upon the gross negligence or willful misconduct of Lender. Lender shall have the sole and complete control of the defense of any such claims. Lender is hereby authorized to settle

or otherwise compromise any such claims as Lender in good faith determines shall be in its best interests.

16. General. This Agreement is made for the sole and exclusive benefit of Borrower and Lender and is not intended to benefit any third party. No such third party may claim any right or benefit or seek to enforce any term or provision of this Agreement.

In recognition of Lender's right to have all its reasonable attorneys fees and expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of the obligations secured by the Collateral, Lender shall not be required to release, reconvey, or terminate any security interest in the Collateral unless and until Borrower and all Guarantors have executed and delivered to Lender general releases in form and substance satisfactory to Lender.

Lender and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to Borrower or any Guarantor for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with or relating to this Agreement or the Collateral.

If the incurring of any debt by Borrower or the payment of any money or transfer of property to Lender by or on behalf of Borrower or any Guarantor should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Lender is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Lender's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Lender related thereto, the liability of Borrower and Guarantor, and each of them, and this Agreement, shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

All references in this Agreement to the singular shall be deemed to include the plural if the context so requires and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

All agreements, representations, warranties and covenants made by Borrower which are not date specific shall survive the execution and delivery of this Agreement, the filing and consummation of any bankruptcy proceedings, and shall continue in effect so long as any obligation to Lender contemplated by this Agreement is outstanding and unpaid, notwithstanding any termination of this Agreement. All agreements, representations, warranties and covenants in this Agreement shall bind the party making the same and its heirs and successors, and shall be to the benefit of and be enforceable by each party for whom made and their respective heirs, successors and assigns.

This Agreement, together with the Loan Documents, constitute the entire agreement between Borrower and Lender as to the subject matter hereof and may not be altered or amended except by written agreement signed by Borrower and Lender. All other prior and contemporaneous agreements, arrangements, and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Dated: September 27, 2000

Lender:

Zions First National Bank

By: David S. Mathis  
David S. Mathis  
Vice President

Borrower:

AZ Acquisition Corp.

By: John J. ...  
Title: President

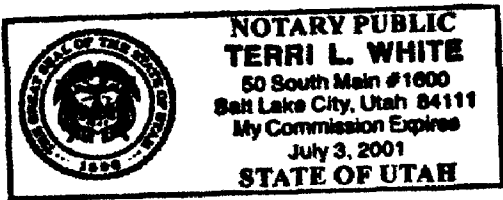
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF UTAH )  
 : ss.  
COUNTY OF SALT LAKE )

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 27<sup>th</sup> day of September, 2000, personally appeared Terry Hansen to me known personally, and who, being by me duly sworn, deposes and says that he/she is the President of AZ Acquisition Corp., the Borrower in the foregoing Collateral Assignment and Security Agreement, and that said instrument was signed and sealed on behalf of said Borrower, and said Terry Hansen acknowledged said instrument to be the free act and deed of said Borrower.

Terril L. White  
NOTARY PUBLIC  
Residing at: Salt Lake County, Utah

My Commission Expires:  
\_\_\_\_\_



# SCHEDULE OF PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing Date	Status
Pavement Grinder and Trench Opening Mill and Method	68,776	U.S.A.	5,388,893	June 1, 1993	Issued February 14, 1995

# SCHEDULE OF TRADEMARKS

Trademark Description	Country	Serial No.	Registration No.	Status
ASPHALT ZIPPER	U.S.A.	75-305,068	2,185,684	Registered
CYCLOMILL and Design	U.S.A.	75-401,404	2,266,431	Registered
ASPHALT ZIPPER	Utah		2522916-0190	Registered