

09-23-2002



102229054

OVER SHEET

Patent and Trademark Office
Docket No. 5127016

Y

9.17.02

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

1. Name of conveying party(ies):

Holley Performance Products, Inc.,
a Delaware CorporationAdditional name(s) of conveying party(ies) attached? ☒ Yes ☐ No

3. Nature of conveyance:

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

Execution Date: July 30, 2002

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

Name: Foothill Capital Corporation
Internal Address:
Street Address: 2450 Colorado Avenue, Suite 30000
City: Santa Monica, State: CA, ZIP: 90404Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or patent number(s): See attached Schedule I.

If this document is being filed together with a new application, the execution date of the application is:

A. Patent Application No.(s)

699,407 711,080

B. Patent No.(s)

4,558,673 4,539,960
4,556,032 5,012,780Additional numbers attached? ☒ Yes ☐ NoOFFICE OF PUBLIC RECORDS
2002 SEP 17 AM 10:51
FINANCE SECTION

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

Douglas L. Hendricks
Morrison & Foerster LLP
425 Market Street
San Francisco, California 94105-2482

6. Total number of applications and patents involved: 34

7. Total fee (37 C.F.R. § 3.41): \$865.00

- ☐ Enclosed
☒ Authorized to be charged to deposit account, referencing
Attorney Docket 512700000016

8. Deposit account number: 03-1952The Commissioner is hereby authorized to charge any fees under 37 C.F.R. § 1.21 that may be required by this paper, or to credit any overpayment to Deposit Account No. 03-1952.

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.

09/20/2002 JJA/LAW2 00000003 031952 4558673

01 FC:581 1360.00 CH

Name: Douglas L. Hendricks
Registration No: 83,611
Signature

9/10/2002

Date

Total number of pages comprising cover sheet, attachments and document: 23Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

sf-1367652

PATENT
REEL: 13295 FRAME: 0543

CONTINUATION OF 1 A:

Weiland Automotive Industries, Inc., a California corporation
Lunati Cams, Inc., a Tennessee corporation
Nitrous Oxide Systems, Inc., a California corporation
Earl's Supply Company, a California corporation
Biggs Manufacturing, Inc., an Arizona corporation
Hooker Industries, Inc., a California corporation
So-Cal Speed Shops, Inc., a Delaware corporation
Efastparts.com, Inc., a Delaware corporation

CONTINUATION OF 4 B:

PatNumbers:

5,551,404
6,205,395
6,272,428
6,339,743
6,378,512
6,196,364
5,261,382
4,802,902
4,434,762
5,908,090
5,148,863
5,875,872
5,460,247
5,186,033
4,736,969
4,539,960

SCHEDULE I: PATENTS AND PATENT APPLICATIONS

Title	Country	Status	AppNumber	FileDate	PatNumber	IssDate	In the name of
ELECTRONIC IGNITION SYSTEM FOR INTERNAL COMBUSTION ENGINES [assigned Nutek Inc. - FL2]	US	Granted	475680	04-Mar-1983	4558673	17-Dec-1985	Holley Performance Products, Inc.
FUEL PRESSURE REGULATOR	US	Granted	378264	14-May-1982	4539960	10-Sep-1985	Borg Warner (Holley has a license to use)
ADAPTER MEANS FOR CREATING AN OPEN LOOP MANUALLY ADJUSTABLE APPARATUS	US	Granted	568393	05-Jan-1984	4556032	03-Dec-1985	Holley Performance Products, Inc.
STAND ALONE FUEL INJECTION SYSTEM	US	Granted	475464	05-Jan-1990	5012780	07-May-1991	Holley Performance Products, Inc.
STAND ALONE FUEL INJECTION SYSTEM	ITALY	Granted	22572-A/90	28-Dec-1990	1246757	26-Nov-1994	Holley Performance Products, Inc.
FUEL INJECTION SYSTEM FOR MARINE ENGINES	US	Granted	164705	10-Dec-1993	5551404	03-Sep-1996	Holley Performance Products, Inc.
IGNITION SYSTEM AND METHOD OF PROGRAMMING AN IGNITION SYSTEM	US	Granted	209933	30-Oct-1998	6205395	30-Mar-01	Holley Performance Products, Inc.
DUAL-POLE HALL EFFECT SENSOR	US	Granted	429478	29-Oct-1999	6272428	07-Aug-01	Holley Performance Products, Inc.
DUAL-POLE HALL EFFECT SENSOR	US	Granted	512254	24-Feb-2000	6339743	15-Jan-02	Holley Performance Products, Inc.
SYSTEM AND METHOD FOR REAL TIME ELECTRONIC ENGINE CONTROL	US	Pending	699407	31-Oct-2000			Holley Performance Products, Inc.
DUAL BARREL CARBURETOR FOR MOTORCYCLE	US	Pending	711080	14-Nov-2000			Holley Performance Products, Inc.
DUAL BARREL CARBURETOR FOR MOTORCYCLE	PCT	Pending	US00/31219	15-Nov-2000			Holley Performance Products, Inc.
DISCHARGE NITORUS OXIDE AND FUEL INJECTION PLATE	US	Granted	703728	02-Nov-2000	6378512	30-Apr-02	Holley Performance Products, Inc.
BRAKE BLEEDER CHECK VALVE	US	Granted	227079	05-Jan-1999	6196364	05-Mar-2001	Holley Performance Products, Inc.

nv-421993

FUEL INJECTION SYSTEM	US	Granted	949080	22-Sep-1992	5261382	16-Nov-1993	Holley Performance Products, Inc.
AIR CLEANER COVER AND BASE FOR DUAL CARBURETOR ASSEMBLY	US	Granted	066334	6/10/87	4802902	2/7/89	Holley Performance Products, Inc.
APPARATUS AND SYSTEM FOR CONTROLLING THE AIR-FUEL RATION SUPPLIED TO A COMBUSTION ENGINE	US	Granted	309585	10/8/81	4434762	3/6/84	Holley Performance Products, Inc.
IGNITION PERFORMANCE MONITOR AND MONITORING METHOD FOR CAPACITATIVE DISCHARGE IGNITION SYSTEM	GREAT BRITAIN	Granted	9303680	2/24/93	9303680A	4/14/93	Holley Performance Products, Inc.
WHIP DAMPENER ASSEMBLY FOR VEHICLE BRAKE HOSE SYSTEM	US	Granted	794834	04-Feb-1997	5908090	01-Jun-1999	Earl's Supply Company
WHIP DAMPENER ASSEMBLY FOR VEHICLE BRAKE HOSE SYSTEM	EUROPE	Published	98904651.1	20-Jan-1998			Earl's Supply Company
WHIP DAMPENER ASSEMBLY FOR VEHICLE BRAKE HOSE SYSTEM	JAPAN	Pending	10-532962	20-Jan-1998			Earl's Supply Company
MODULAR COOLER	US	Granted	821959	15-Jan-1992	5148863	22-Sep-1992	Earl's Supply Company
MODULAR COOLER	CANADA	Granted	2128085	04-Sep-1992	2128085	26-Jan-1999	Earl's Supply Company
WHIP DAMPENER BRACKET ASSEMBLY FOR VEHICLE BRAKE HOSE SYSTEM	US	Granted	863734	27-May-1997	5875872	02-Mar-1999	Earl's Supply Company
VEHICLE BRAKE HOSE SYSTEM WITH WHIP DAMPENER	US	Granted	144732	28-Oct-1993	5460247	24-Oct-1995	Earl's Supply Company
VEHICLE BRAKE HOSE SYSTEM WITH WHIP DAMPENER	CANADA	Granted	2174100	26-Oct-1994	2174100	19-Jan-1999	Earl's Supply Company
VEHICLE BRAKE HOSE SYSTEM WITH WHIP DAMPENER	AUSTRALIA	Granted	10446/95	26-Oct-1994	677476	14-Aug-1997	Earl's Supply Company
VEHICLE BRAKE HOSE SYSTEM WITH WHIP DAMPENER	ITALY	Granted	195901067.9	26-Oct-1994	0727018	28-Jun-2000	Earl's Supply Company
ADJUSTABLE REUSABLE FITTING ASSEMBLY FOR REINFORCED HOSE	GERMANY	Granted	3829471.0	31-Aug-1988	P3829471.0	16-Mar-1989	Earl's Supply Company

APPARATUS AND METHOD FOR FORMING EXTERNAL RAISED BEADS ON HOLLOW TUBING	US	Granted	804887	06-Dec-1991	5186033	16-Feb-1993	Earl's Supply Company
FITTING ASSEMBLY FOR REINFORCED HOSE	US	Granted	917298	09-Oct-1986	4736969	12-Apr-1988	Earl's Supply Company
FITTING ASSEMBLY FOR REINFORCED HOSE	JAPAN	Granted	235100/85	21-Oct-1985	1612154	30-Jul-1991	Earl's Supply Company
VEHICLE BRAKE HOSE SYSTEM	KOREA	Pending	95-9385	21-Apr-1995			Earl's Supply Company
FUEL PRESSURE REGULATOR	US	Granted	378264	14-May-1982	4539960	10-Sep-1985	Holley Performance Produ

PATENT SECURITY AGREEMENT

by and among

THE GRANTORS NAMED HEREIN,

as Grantors

and

FOOTHILL CAPITAL CORPORATION,

as the Collateral Agent

Dated as of July 30, 2002

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Schedule I – Patents and Patent Applications

Schedule II - Licenses

PATENT SECURITY AGREEMENT, dated July 30, 2002, made by the persons listed on the signature pages hereof under the caption "Grantors" (each a "Grantor" and, collectively, the "Grantors"), to FOOTHILL CAPITAL CORPORATION ("Foothill"), as agent (the "Collateral Agent") for the lenders (the "Lenders") party to the Loan and Security Agreement (as hereinafter defined).

PRELIMINARY STATEMENTS.

(1) The Lenders, as lenders, and Foothill, as the arranger and administrative agent for the Lenders, have entered into a Loan and Security Agreement dated as of July 30, 2002 (said agreement, as it may hereafter be amended or otherwise modified from time to time, being the "Loan and Security Agreement", the terms defined therein and not otherwise defined herein being used herein as therein defined) with Grantors, as borrowers.

(2) It is a condition precedent to the making of the initial Advance by the Lenders under the Loan and Security Agreement (or any other extension of credit provided for thereunder) that each Grantor shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make the initial Advance (or otherwise extend credit) under the Loan and Security Agreement, each of the Grantors hereby agrees with the Collateral Agent for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. Grant of Security. Each Grantor hereby assigns and pledges to the Collateral Agent for its benefit and the ratable benefit of the Lenders, and hereby grants to the Collateral Agent for its benefit and the ratable benefit of the Lenders a security interest in, all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired (collectively, the "Patent Collateral"):

(a) each patent, patent application and patentable invention, including, without limitation, each patent and patent application identified in Schedule I attached hereto and made a part hereof, and including without limitation (i) all inventions and improvements described and claimed therein, and patentable inventions, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto (collectively, the "Patents"); and

(b) all license agreements with any other person in connection with any of the Patents or such other person's patents, whether such Grantor is a licensor or licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule II attached hereto and made a part hereof, subject, in each case, to the terms of such

license agreements, including, without limitation, terms requiring consent to a grant of a security interest, and any right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Loan and Security Agreement) now or hereafter owned by such Grantor and now or hereafter covered by such licenses (collectively, the "Licenses").

SECTION 2. Security for Obligations. The assignment and pledge of and grant of a security interest in the Patent Collateral by each Grantor pursuant to this Agreement secures the payment of all Obligations of the Grantors now or hereafter existing under the Loan Documents, if any, whether for principal, interest, fees, expenses or otherwise (all such Obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by any Grantor to the Collateral Agent or the Lenders under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Collateral Agent or any Lender or Grantor.

SECTION 3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in the Patent Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release such Grantor from any of its duties or obligations under the contracts and agreements included in the Patent Collateral and (c) neither the Collateral Agent nor any Lender shall have any obligation or liability under the contracts and agreements included in the Patent Collateral by reason of this Agreement, nor shall the Collateral Agent nor any Lender be obligated to perform any of the obligations or duties of such Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. Each Grantor represents and warrants as to itself and its Patent Collateral as follows (it is understood and agreed that, for purposes of this Section 4, Grantors may amend Schedules I and II from time to time so long as any such amendment, individually or in the aggregate, would not result in, and reasonably could not be expected to result in, a Material Adverse Change):

(a) Such Grantor is the sole, legal and beneficial owner of the entire right, title and interest in and to the patents and patent applications set forth in Schedule I hereto as being the property of such Grantor free and clear of any Lien, except for the security interest created by this Agreement, Permitted Liens, except for the security interest created by this Agreement, Permitted Liens and those certain liens in favor of Credit Agricole Indosuez and Bankers Trust (the "Previous Liens"). Except as contemplated by the Loan and Security Agreement, no security agreement, effective financing statement or other instrument similar in effect covering all or any part of the Patent Collateral, that has not been terminated or released, is on file in any recording office (including, without limitation, the United States Patent and Trademark Office), except such as may have been filed in favor of the Collateral Agent relating to this Agreement or any other Loan Document, and such Grantor has not consented to the filing of a financing statement under the Uniform Commercial Code or the filing of any document or notice similar in effect, that has not been released or terminated, with any foreign or domestic

patent agency or authority (including, without limitation, the United States Patent and Trademark Office) covering all or any part of the Patent Collateral other than as contemplated hereby and thereby.

(b) Set forth in Schedule I opposite the name of such Grantor is a complete and accurate list of the material patents and patent applications owned by such Grantor. As of the date first set forth above, such Grantor has made all necessary filings and recordations to protect and maintain its interest in the patents and patent applications set forth in Schedule I, including, without limitation, all necessary filings and recordings in the United States Patent and Trademark Office. Set forth in Schedule II opposite the name of such Grantor is a complete and accurate list of the material Licenses owned by such Grantor in which such Grantor is (i) a licensor or (ii) a licensee.

(c) Each patent and patent application of such Grantor set forth in Schedule I is subsisting and has not been adjudged invalid, unpatentable or unenforceable (excluding office actions from the United States Patent and Trademark Office and analogous refusals from foreign patent agencies or authorities), in whole or in part, and, to the best of such Grantor's knowledge, is valid, subsisting, patentable and enforceable. Each License of such Grantor identified in Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of such Grantor's knowledge, is valid and enforceable. Such Grantor has notified the Collateral Agent in writing of all uses of any item of Patent Collateral of which such Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, other than any such uses that would not have a Material Adverse Change.

(d) Except as contemplated by the Loan and Security Agreement, such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Patent Collateral that has not been terminated or released, except where such assignment, sale, transfer or agreement would not have a Material Adverse Change. Such Grantor has not granted any license (other than those listed on Schedule II hereto), shop right, release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Patent Collateral so as to have a Material Adverse Change.

(e) No consent of any other person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party in the United States is required either (A) for the grant by any Grantor of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by any Grantor, (B) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code and filings with the United States Patent and Trademark Office (or foreign patent agencies or authorities), or (C) for the exercise by the Collateral Agent of its rights provided for in this Agreement or the remedies in respect of the Patent Collateral pursuant to this Agreement.

(f) Except for the licenses listed on Schedule II hereto, such Grantor has no knowledge of the existence of any right or any claim that is likely to be made under any item of Patent Collateral contained on Schedule I.

(g) No claim has been made and is continuing or threatened that the use by such Grantor of any item of Patent Collateral is invalid or unenforceable or that the use by such Grantor of any Patent Collateral does or may violate the rights of any person, other than any such claim which would not have a Material Adverse Change. To the best of such Grantor's knowledge, there is currently no material infringement or unauthorized use by any third party of any item of Patent Collateral contained on Schedule I that would threaten the enforceability of the Patent Collateral.

(h) No Grantor has knowledge of the existence of any patent or license agreement held or claimed by any other person that would preclude such Grantor from distributing, marketing, selling or providing any product or service currently distributed, marketed, sold or provided by it, as the case may be, under or in connection with any of the Patent Collateral (except, in each case, to the extent that such Grantor has granted an exclusive license to another person), or that would interfere with the ability of such Grantor to carry on its business as currently carried on, and no Grantor has knowledge of any claim that is likely to be made that if upheld would preclude or interfere with the business of such Grantor as currently carried on under any of the Patent Collateral, other than any such patent, license agreement or claim that would not have a Material Adverse Change.

SECTION 5. Further Assurances. (a) Each Grantor shall from time to time, at its expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any part of the Patent Collateral. Without limiting the generality of the foregoing, each Grantor will execute and file such financing or continuation statements, or amendments thereto, and take all further action that is reasonable and necessary in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Patent Collateral without the signature of such Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Patent Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Each Grantor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Patent Collateral and such other reports in connection with the Patent Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) Each Grantor agrees that, should it obtain an ownership interest in any patent, patent application or patent license which is not now a part of the Patent Collateral, (i) the provisions of Section 1 shall automatically apply thereto, (ii) any such patent, patent application or patent license shall automatically become part of the Patent Collateral, and (iii) with respect to any ownership interest in any patent, patent application or patent license that such Grantor should obtain, it shall give prompt written notice thereof to the Collateral Agent in accordance with Section 13 hereof. Each Grantor authorizes the Collateral Agent to modify this Agreement by amending Schedules I and II (and will cooperate reasonably with the Collateral Agent in effecting any such amendment) to include any patent, patent application or License which becomes part of the Patent Collateral under this Section.

(e) With respect to each patent, patent application and License, each Grantor agrees, subject to the last sentence of this subsection, to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each such patent, patent application and License, and (ii) pursue each such patent application, now or hereafter included in the Patent Collateral, including, without limitation, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings. Each Grantor agrees to take corresponding steps with respect to each new or acquired patent, patent application or License to which it is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by such Grantor. Such Grantor shall not abandon any right to file any patent application, or abandon any patent pending application or patent, without the written consent of the Collateral Agent, unless such Grantor shall have previously determined that such use or the pursuit or maintenance thereof is no longer desirable in the conduct of such Grantor's business and that the loss thereof will not have a Material Adverse Change, in which case, such Grantor will give notice of any such abandonment to the Collateral Agent pursuant to the terms of Section 13 hereof.

(f) Each Grantor agrees to notify the Collateral Agent promptly and in writing if it learns (i) (x) that any item of the Patent Collateral contained on Schedule I may be determined to have become abandoned or dedicated or (y) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Patent Collateral, and (ii) that such event would have a Material Adverse Change.

(g) In the event that any Grantor becomes aware that any item of the Patent Collateral is infringed or misappropriated by a third party, such Grantor shall promptly notify the Collateral Agent and shall take reasonable actions under the circumstances to protect such Patent Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation, unless any such infringement or misappropriation would not have a Material Adverse Change. Any expense incurred in connection with such activities shall be borne by such Grantor.

(h) Each Grantor shall to the extent it deems reasonable in its best business judgment mark its products with the numbers of the appropriate patents or the designation "patent pending," as the case may be.

(i) Each Grantor shall take reasonable steps in accordance with the existing practices of such Grantor to protect the secrecy of all trade secrets of such Grantor and shall take all other steps it shall deem necessary to enable it to comply with the covenants made in this Agreement.

(j) Within 45 days of the Closing Date, the Grantors shall cause the Previous Liens to be terminated or released to Agent's satisfaction.

SECTION 6. Transfers and Other Liens. No Grantor shall, (a) except with respect to Permitted Dispositions, sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any item of the Patent Collateral that would have a Material Adverse Change or (b) create or suffer to exist any Lien upon or with respect to any of the Patent Collateral except for the pledge, assignment, and security interest created by this Agreement or Permitted Liens.

SECTION 7. The Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Collateral Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion after the occurrence and during the continuance of an Event of Default, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Patent Collateral,

(b) to receive, indorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any payments relating to any of the Patent Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Patent Collateral.

To the extent permitted by law, each Grantor hereby ratifies all that the Collateral Agent shall lawfully do or cause to be done as attorney-in-fact for such Grantor. This power of attorney is a power coupled with an interest and is irrevocable.

SECTION 8. The Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement after reasonable notice to such Grantor to the extent practicable, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 11.

SECTION 9. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Patent Collateral and shall not impose any duty upon the Collateral Agent to exercise any such powers. Except for the safe

custody of any Patent Collateral in its possession and the accounting for any moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Patent Collateral or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Patent Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Patent Collateral in its possession if such Patent Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

SECTION 10. Remedies. If any Event of Default shall have occurred and be continuing and if the Collateral Agent has taken or is taking remedial actions in respect of the Collateral that is Inventory or Accounts:

(a) The Collateral Agent may exercise in respect of the Patent Collateral, in addition to other rights and remedies provided for herein or otherwise available to it and to the fullest extent permitted by law, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of New York at such time (the "N.Y. Uniform Commercial Code") (whether or not the N.Y. Uniform Commercial Code applies to the affected Patent Collateral) and also may (i) require each Grantor to, and such Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the documents and things embodying the Patent Collateral as directed by the Collateral Agent and make them available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties, (ii) occupy any premises owned or leased by such Grantor where documents and things embodying the Patent Collateral or any part thereof are assembled for a reasonable period in order to effectuate the Collateral Agent's rights and remedies hereunder or under law, without obligation to any Grantor in respect of such occupation, and (iii) without notice except as specified below, sell the Patent Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. In the event of any sale, assignment, or other disposition of any of the Patent Collateral, each Grantor shall supply to the Collateral Agent or its designee such Grantor's know-how and expertise, and documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Patent Collateral subject to such disposition, and such Grantor's customer lists and other records and documents relating to such Patent Collateral and to the manufacture, distribution, advertising and sale of such products and services. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Patent Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Patent Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral

Agent pursuant to Section 11) in whole or in part by the Collateral Agent for the ratable benefit of the Lenders against, all or any part of the Secured Obligations in such order as the Collateral Agent shall elect. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) The Collateral Agent may exercise any and all rights and remedies of each Grantor under or otherwise in respect of the Patent Collateral.

(d) All payments received by any Grantor under or in connection with any of the Patent Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement) .

SECTION 11. Indemnity and Expenses. (a) Each Grantor agrees to indemnify the Agent-Related Persons, the Lender-Related Persons and the Participants (each, an "Indemnified Party") from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from an Indemnified Party's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) Each Grantor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Patent Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the Lenders hereunder or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

SECTION 12. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent and, in the case of an amendment, by each Grantor and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

SECTION 13. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication), and mailed, telegraphed, telecopied, telexed, cabled or delivered to any Grantor, addressed to it at its address specified in the Loan and Security Agreement or to the Collateral Agent, addressed to it at its address specified in the Loan and Security Agreement or, as to any party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 13. All such notices and other communications shall, when mailed, telecopied, telegraphed, telexed or cabled, respectively, be effective when deposited in the mails, telecopied, delivered to the telegraph

company, confirmed by telex answerback, or delivered to the cable company, respectively, addressed as aforesaid.

SECTION 14. Continuing Security Interest; Assignments Under the Loan and Security Agreement. This Agreement shall create a continuing security interest in the Patent Collateral and shall (a) remain in full force and effect until the later of the payment in full in cash of all of the Secured Obligations and the effective date of termination or expiration of the Loan and Security Agreement, (b) be binding upon each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), the Collateral Agent and any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Loan and Security Agreement, to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to the Collateral Agent or such Lender herein or otherwise, in each case as provided in Section 14 of the Loan and Security Agreement.

SECTION 15. Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Patent Collateral in accordance with the terms of the Loan Documents (other than sales of Inventory and grants of non-exclusive licenses, in each case, in the ordinary course of business), the Collateral Agent will, at any Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence the release of such item of Patent Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release and after giving effect thereto no Default shall have occurred and be continuing, (ii) such Grantor shall have delivered to the Collateral Agent, at least ten Business Days prior to the date of the proposed release, a written request for release describing the item of the Patent Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by the Collateral Agent and a certification by such Grantor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Collateral Agent may request and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied in accordance with Section 2.4 of the Loan and Security Agreement shall be paid to, or in accordance with the instructions of, the Collateral Agent at the closing.

(b) Upon the later of the payment in full in cash of all of the Secured Obligations and the effective date of termination or expiration of the Loan and Security Agreement, the pledge, assignment, and security interest granted hereby shall terminate and all rights to the Patent Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof shall revert to the applicable Grantors. Upon any such termination, the Collateral Agent will, at such Grantor's expense, execute and deliver to any Grantor such documents as such Grantor shall reasonably request to evidence such termination.

SECTION 16. Governing Law; Terms. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR PATENT COLLATERAL ARE

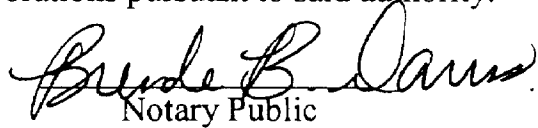
GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. Unless otherwise defined herein or in the Loan and Security Agreement, terms used in Article 9 of the N.Y. Uniform Commercial Code are used herein as therein defined.

SECTION 17. Consent to Jurisdiction. Each Grantor agrees that any suit for the enforcement of this Agreement may be brought in the courts of the State of New York or any federal court sitting therein and consents to the non-exclusive jurisdiction of any such court and to service of process in any such suit being made upon each Grantor by mail at the address specified in the Loan and Security Agreement. Each Grantor hereby waives any objection that it may now or hereafter have to venue of any such suit or any such court or that such suit is brought in an inconvenient forum.

SECTION 18. Waiver of Jury Trial. Each Grantor hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement, the transactions contemplated hereby or the actions of the Collateral Agent or any Lender in the negotiation, administration, performance or enforcement hereof.

STATE OF GEORGIA)
) ss.:
COUNTY OF FULTON)

On the 24 the day of July, 2002, before me personally came **Jeffrey G. King** to me known, who, being by me duly sworn, did depose and says that he is the **President and Chief Executive Officer** of **HOLLEY PERFORMANCE PRODUCTS INC., HOLLEY PERFORMANCE SYSTEMS, INC., WEIAND AUTOMOTIVE INDUSTRIES, INC., LUNATI CAMS, INC., NITROUS OXIDE SYSTEMS, INC., EARL'S SUPPLY COMPANY, BIGGS MANUFACTURING, INC., HOOKER INDUSTRIES, INC., SO-CAL SPEED SHOPS, INC.**, the corporations described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporations; and that he signed said instrument on behalf of said corporations pursuant to said authority.


Notary Public

[Notarial Seal]

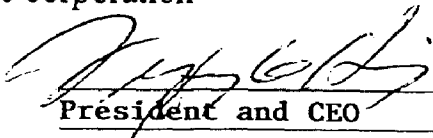


IN WITNESS WHEREOF, Grantors have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

HOLLEY PERFORMANCE PRODUCTS, INC., a
Delaware corporation

By:

Title:


President and CEO

HOLLEY PERFORMANCE SYSTEMS, INC., a
Delaware corporation

By:

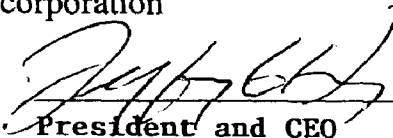
Title:


President and CEO

WEIAND AUTOMOTIVE INDUSTRIES, INC., a
California corporation

By:

Title:


President and CEO

LUNATI CAMS, INC., a Tennessee corporation

By:

Title:


President and CEO

NITROUS OXIDE SYSTEMS, INC., a California
corporation

By:

Title:


President and CEO

EARL'S SUPPLY COMPANY, a California
corporation

By:

Title:


President and CEO

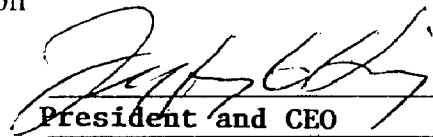
BIGGS MANUFACTURING, INC., an Arizona
corporation

By:
Title:


President and CEO

HOOKER INDUSTRIES, INC., a California
corporation

By:
Title:


President and CEO

SO-CAL SPEED SHOPS, INC., a Delaware
corporation

By:
Title:


President and CEO

Agreed and consented to as of
the date first above written:

FOOTHILL CAPITAL CORPORATION, as Collateral Agent

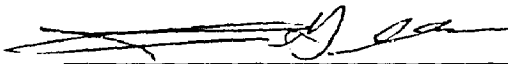
By:

Title:

Address:


Vice President

EFASTPARTS.COM, INC.,
a Delaware corporation

By: 
Name: JOSHUA G. ANDERSON
Title: VIP + CFO

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of July, 2002, before me personally came Joseph G. Andersen to me known, who, being by me duly sworn, did depose and say he resides at _____

_____ and that he is the VPA CEO of **EFASTPARTS.COM, INC.**, the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.

JEANETTE C. HARRIS
Notary Public, State of New York
No. 01HA4947008
Qualified in Orange County
Certificate Filed in New York County
Commission Expires March 27, 2003

Janette C. Harris
Notary Public

[Notarial Seal]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of July, 2002, before me personally came Stephen Carle to me known, who, being by me duly sworn, did depose and say he resides at _____

_____ and that he is the VP of **FOOTHILL CAPITAL CORPORATION**, the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he has signed said instrument on behalf of said corporation pursuant to said authority.

JEANETTE C. HARRIS
Notary Public, State of New York
No. 01HA4947008
Qualified in Orange County
Certificate Filed in New York County
Commission Expires March 27, 2003

Janette C. Harris
Notary Public

[Notarial Seal]

SCHEDULE II: LICENSES

NONE.

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