



08-19-2004



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark OfficeForm PTO-1595
(Rev. 10/02)

OMB No. 0651-0027 (exp. 6/30/2005)

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

1. Name of conveying party(ies):
PANGBORN CORPORATIONAdditional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

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

Execution Date: 09/25/03

2. Name and address of receiving party(ies)

Name: LaSalle Business Credit, LLC

Internal Address: Ro
8-19-04

Street Address: 565 Fifth Avenue, 27th Floor

City: New York State: NY Zip: 10017

Additional name(s) & address(es) attached? ☐ Yes ☒ No

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

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

A. Patent Application No.(s) See attached
Patent portfolioB. Patent No.(s) See attached
Patent portfolioAdditional numbers attached? ☒ Yes ☐ No

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

Name: LaSalle Business Credit, LLC

Internal Address: _____

ATTN: Benjamin D. Horowicz, Esquire

Street Address: % Miles & Stockbridge P.C.

10 Light Street

City: Baltimore State: MD Zip: 21202

6. Total number of applications and patents involved: 10

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

☒ Enclosed☐ Authorized to be charged to deposit account

8. Deposit account number: _____

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9. Signature.

JJALLAH2 00000028 10276270

BENJAMIN D. HOROWICZ, ESQUIRE

Name of Person Signing

Signature

11/26/03

Date

Total number of pages including cover sheet, attachments, and documents: 9Mail documents to be recorded with required cover sheet information to:
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Washington, D.C. 20231

08/20/2004

01 FC:8021

360.00 DP

12/19/2003 JJALLAH2 00000011 10276270

01 FC:8021

40.00 DP

PATENT
REEL: 015703 FRAME: 0096

U.S. Patent Portfolio (Pangborn)

App No.	Filing Date	Patent No.	Issue Date	Status
10/276,270	11/14/2002	--	--	Pending
07/780,338	10/22/1991	5,209,024	05/11/1993	Final maintenance fee due 11/11/2004; expires 10/22/2011
07/695,414	05/03/1991	5,134,810	08/04/1992	Final maintenance fee due 02/04/2004
07/695,392	05/03/1991	5,203,124	04/20/1993	Final maintenance fee due 10/20/2004; expires 05/03/2011
07/512,178	04/20/1990	5,142,830	09/01/1992	Final maintenance fee due 03/01/2004; expires 04/20/2010
07/026,199	03/16/1987	4,757,646	07/19/1988	Expires 03/16/2007
926,241	11/03/1986	Des. 304,455	11/07/1989	Expires 11/07/2003
926,240	11/03/1986	Des. 304,199	10/24/1989	Expires 10/24/2003
06/765,363	08/13/1985	4,941,297	07/17/1990	Expires 08/13/2005
06/602,614	04/20/1984	5,163,253	11/17/1992	Expires 04/20/2004

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (the "Security Agreement") made as of this 25th day of September, 2003, by PANGBORN CORPORATION, a Delaware corporation with an office at 580 Pangborn Boulevard, Hagerstown, Maryland 21741 ("Pangborn") in favor of LASALLE BUSINESS CREDIT, LLC, a Delaware limited liability company, with an office at 565 Fifth Avenue-27th floor, New York, New York 10017 ("Lender"):

W I T N E S S E T H

WHEREAS, PANGBORN SHOTBLAST, LLC, a Delaware limited liability company and Lender are parties to a certain Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "Loan Agreement") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "Loan Documents"), which Loan Documents provide (i) for Lender to, from time to time, extend credit to or for the account of Borrower and (ii) for the grant by Borrower to Lender of a security interest in substantially all of Borrower's assets;

WHEREAS, Pangborn and Lender are parties to a certain Guaranty and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "Guaranty and Security Agreement") and other related loan documents of even date herewith (collectively, with the Guaranty and Security Agreement, and as each may be amended or otherwise modified from time to time, the "Guaranty Documents"), which Guaranty Documents provide (i) that Pangborn guarantees all of the obligations and liabilities of the Borrower under the Loan Agreement and the Loan Documents and (ii) for the grant by Pangborn to Lender of a security interest in substantially all of Pangborn's assets, including, without limitation, its patents and patent applications;

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

1. Incorporation of Guaranty Documents. The Guaranty Documents and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Guaranty and Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities (as that term is defined in the Guaranty and Security Agreement), Pangborn hereby grants to Lender, and hereby reaffirms its prior grant pursuant to the Guaranty Documents of, a continuing security interest in Pangborn's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof and all patents and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing,

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WHEREAS, PANGBORN SHOTBLAST, LLC, a Delaware limited liability company and Lender are parties to a certain Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "Loan Agreement") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "Loan Documents"), which Loan Documents provide (i) for Lender to, from time to time, extend credit to or for the account of Borrower and (ii) for the grant by Borrower to Lender of a security interest in substantially all of Borrower's assets;

WHEREAS, Pangborn and Lender are parties to a certain Guaranty and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "Guaranty and Security Agreement") and other related loan documents of even date herewith (collectively, with the Guaranty and Security Agreement, and as each may be amended or otherwise modified from time to time, the "Guaranty Documents"), which Guaranty Documents provide (i) that Pangborn guaranties all of the obligations and liabilities of the Borrower under the Loan Agreement and the Loan Documents and (ii) for the grant by Pangborn to Lender of a security interest in substantially all of Pangborn's assets, including, without limitation, its patents and patent applications;

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

1. Incorporation of Guaranty Documents. The Guaranty Documents and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Guaranty and Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities (as that term is defined in the Guaranty and Security Agreement), Pangborn hereby grants to Lender, and hereby reaffirms its prior grant pursuant to the Guaranty Documents of, a continuing security interest in Pangborn's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof and all patents and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing,

including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patents").

3. Warranties and Representations. Pangborn warrants and represents to Lender that:

(i) to the best of Pangborn's knowledge, no Patent has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Patent been cancelled, in whole or in part and each such Patent is presently subsisting;

(ii) Pangborn is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Patent, free and clear of any liens, charges and encumbrances, including without limitation, shop rights and covenants by Pangborn not to sue third persons;

(iii) Pangborn has no notice of any suits or actions commenced or threatened with reference to any Patent; and

(iv) Pangborn has the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Pangborn agrees that until the Liabilities and Borrower's Liabilities (as that term is defined in the Guaranty and Security Agreement) shall have been satisfied in full and the Loan Documents and the Guaranty Documents shall have been terminated, Pangborn shall not, without the prior written consent of Lender, sell or assign its interest in any Patent or enter into any other agreement with respect to any Patent which would affect the validity or enforcement of the rights transferred to Lender under this Security Agreement, provided that Pangborn can license the use of a Patent in Lender's Commercially Reasonable (as defined in the Loan Agreement) discretion if such license is subject to the prior lien of Lender.

5. New Patents. Pangborn represents and warrants that, based on a diligent investigation by Pangborn, the Patents listed on Schedule A constitute all of the federally registered Patents and Patent applications now owned by Pangborn. If, before the Liabilities and Borrower's Liabilities shall have been satisfied in full or before the Loan Documents and the Guaranty Documents have been terminated, Pangborn shall (i) become aware of any existing Patents of which Borrower has not previously informed Lender, (ii) obtain rights to any new patentable inventions or Patents, or (iii) become entitled to the benefit of any Patents, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and Pangborn shall give to Lender prompt written notice thereof. Pangborn hereby authorizes Lender to modify this Security Agreement by amending Schedule A to include any such Patents.

6. Royalties, Term. The term of this Security Agreement shall extend until the earlier of (i) the expiration of each of the Patents, and (ii) the payment in full of the

Liabilities and Borrower's Liabilities and the termination of the Guaranty Documents and the Loan Documents. Pangborn agrees that upon the occurrence and during the continuance of an Event of Default (as that term is collectively defined in the Loan Agreement and the Guaranty and Security Agreement), the use by Lender of all Patents shall be without any liability for royalties or other related charges from Lender to Pangborn.

7. Release of Security Interest. This Security Agreement is made for collateral purposes only. Upon payment in full of the Liabilities and Borrower's Liabilities and termination of the Loan Documents and the Guaranty Documents, Lender shall take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Guaranty Documents.

8. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Pangborn. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Lender in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents or in defending or prosecuting any actions or proceedings arising out of or related to the Patents shall be borne by and paid by Pangborn and until paid shall constitute Liabilities.

9. Duties of Pangborn. Pangborn shall have the duty (i) to file and prosecute diligently any patent applications pending as of the date hereof or hereafter until the Liabilities and Borrower's Liabilities shall have been paid in full and the Loan Documents and the Guaranty Documents have been terminated, (ii) to make application on unpatented but patentable inventions, as commercially reasonable, (iii) to preserve and maintain all rights in the Patents, as commercially reasonable and (iv) to ensure that the Patents are and remain enforceable, as commercially reasonable, provided, that, the terms and provisions set forth in clauses (i), (ii), (iii) and (iv) of this Section 9 shall not impose an obligation on Pangborn to maintain or preserve any patent applications or Patents that Pangborn, consistent with commercially reasonable business practices, believes is no longer necessary or desirable to the conduct of its business. Any expenses incurred in connection with Pangborn's obligations under this Section 9 shall be borne by Pangborn.

10. Lender's Right to Sue. After the occurrence and during the continuance of an Event of Default, Lender shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents and, if Lender shall commence any such suit, Pangborn shall, at the request of Lender, do any and all lawful acts and execute any and all proper documents required by Lender in its Commercially Reasonable discretion in aid of such enforcement and Pangborn shall promptly, upon demand, reimburse and indemnify Lender for all costs and expenses incurred by Lender in the exercise of its rights under this Section 10.

11. Waivers. No course of dealing between Pangborn and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Guaranty Documents or the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege

hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

13. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney; Effect on Guaranty Documents. All of Lender's rights and remedies with respect to the Patents, whether established hereby or by the Guaranty Documents, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Pangborn hereby authorizes Lender upon the occurrence and during the continuance of an Event of Default, to make, constitute and appoint any officer or agent of Lender as Lender may select, in its sole discretion, as Pangborn's true and lawful attorney-in-fact, with power to (i) endorse Pangborn's name on all applications, documents, papers and instruments necessary or desirable for Lender in the use of the Patents or (ii) take any other actions with respect to the Patents as Lender deems to be in the best interest of Lender, or (iii) grant or issue any exclusive or non-exclusive license under the Patents to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents to anyone. Pangborn hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Liabilities and Borrower's Liabilities shall have been paid in full and the Guaranty Documents and the Loan Documents have been terminated. Pangborn acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Lender under the Guaranty Documents but rather is intended to facilitate the exercise of such rights and remedies. Lender shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Guaranty Documents, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

15. Binding Effect; Benefits. This Security Agreement shall be binding upon Pangborn and its respective successors and assigns, and shall inure to the benefit of Lender, its successors, nominees and assigns.

16. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal law.

17. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

18. Further Assurances. Pangborn agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Lender shall

reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

19. Survival of Representations. All representations and warranties of Pangborn contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall be remade on the date of each borrowing under the Loan Documents.

[Signatures Follow on Next Page]

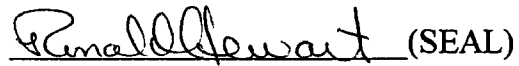
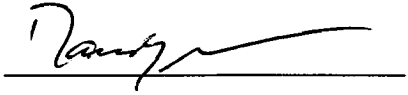
SIGNATURE PAGE TO
PATENT SECURITY AGREEMENT

IN WITNESS WHEREOF, Pangborn has duly executed this Security Agreement as of the date first written above.

WITNESS:

PANGBORN:

PANGBORN CORPORATION

 (SEAL)

Ronald Stewart,
President and Chief Executive Officer

Agreed and Accepted
As of the Date First Written Above:

LASALLE BUSINESS CREDIT, LLC

 (SEAL)

Michael Richmond,
Senior Vice President

SCHEDULE A TO
PATENT SECURITY AGREEMENT

PATENTS

<u>Patent Number</u>	<u>Application Number</u>	<u>Date Issued</u>	<u>Title</u>
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See Attached.

PATENT APPLICATIONS

<u>Patent Application Description</u>	<u>U.S. Patent Application No.</u>	<u>Date Applied</u>
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12-22-2003

12.7.03

Form PTO-1595
(Rev. 10/02)

OMB No. 0651-0027 (exp. 6/30/2005)

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102629172

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Patent portfolio

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☒ Enclosed☐ Authorized to be charged to deposit account

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DO NOT USE THIS SPACE

9. Signature.

BENJAMIN D. HOROWICZ, ESQUIRE

Name of Person Signing

11/26/03

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

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01 FC:0021

40.00 DP

PATENT
REEL: 015703 FRAME: 0106

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App No.	Filing Date	Patent No.	Issue Date	Status
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RECORDED: 12/02/2003

PATENT
REEL: 015703 FRAME: 0107