

10/9/03

10-14-2003

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

102573682

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

1. Name of conveying party(ies):
Grindmaster Crathco Systems, Inc.
4003 Collins Lane
Louisville, KY 40245
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: Bank One, NA
Internal
Address: _____
Street Address: 416 West Jefferson Street
City: Louisville State: KY Zip: 40202
 Individual(s) citizenship _____
 Association (National Banking Association)
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other _____
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____
Execution Date: 09/24/2003

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) 76/479058;
76/540378
Additional number(s) attached Yes No

B. Trademark Registration No.(s) 1307916; 2545849;
2245048; 1282357; 1317942; 1661613;
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Frost Brown Todd LLC
Internal Address: Attn: Ann G. Robinson
2200 PNC Center
Street Address: 201 East Fifth Street
City: Cincinnati State: OH Zip: 45202

6. Total number of applications and registrations involved: 16

7. Total fee (37 CFR 3.41) \$ 415
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: 062226

DO NOT USE THIS SPACE

9. Signature.
Ann G. Robinson
Name of Person Signing

Ann G. Robinson
Signature
10/12/03
Date

Total number of pages including cover sheet, attachments, and document: 41

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10/10/2003 LNUELLER 00000112 062226 76479058
01 FC:0521 40.00 DA
02 FC:0522 375.00 DA

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

Trademark Registration Nos.

1870466

2655857

920629

1750028

1678406

1370017

2223719

2160342

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TRADEMARK

REEL: 002842 FRAME: 0911

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This is an Intellectual Property Security Agreement, dated as of August 31, 2003 (this "Agreement"), between BANK ONE, NA, a national banking association with its principal office in Chicago, Illinois and successor by merger to Bank One, Kentucky, NA (the "Lender") and GRINDMASTER CRATHCO SYSTEMS, INC., a Delaware corporation (the "Borrower").

RECITALS

A. The Borrower (then known as Grindmaster Corporation and the Lender's predecessor by merger, Bank One, Kentucky, NA previously entered into an Amended and Restated Security Agreement, dated as of June 30, 2000, with the Lender, and (1) Mastermark Corporation, a Kentucky corporation ("Mastermark"), (2) Grindmaster International, Inc., F.S.C., a Barbados foreign sales corporation ("International"), and (3) Grindmaster Leasing Corp, a Kentucky corporation ("Leasing"), all of which are wholly owned subsidiaries of the Borrower (as amended or modified through the date of this Agreement, the "Security Agreement").

B. This Agreement supplements the Security Agreement.

C. The Borrower, Mastermark, International and Leasing and the Lender have entered into an Amended and Restated Loan Agreement, dated as of June 30, 2000, as amended by a First Amendment to Borrower Documents, dated as of October 12, 2000, between the Lender and the Borrower, Mastermark, International, Leasing, and Crathco, Ltd., a juristic person and limited company organized under the laws of Thailand, given registration #596/2541 ("Crathco"), as further amended by a Second Amendment to Borrower Documents, dated as of October 31, 2001, between the Lender and the Borrower, Mastermark, International, Leasing, and Crathco (the "Second Amendment to Borrower Documents"), as further amended by a Third Amendment to Borrower Documents, dated as of August 31, 2002, between the Lender and the Borrower, Mastermark, International, Leasing, and Crathco (the "Third Amendment to Borrower Documents"), as further amended by a Fourth Amendment to Borrower Documents, dated as of February 18, 2003, between the Lender and the Borrower, Mastermark, International, Leasing, Crathco, and GCS Mexico SA De SV GCS MEXICO, SA DE CV, a Mexican corporation ("GCS Mexico") (the "Fourth Amendment to Borrower Documents"), as further amended or modified by a Forbearance Agreement, dated as of the date of this Agreement, between the Lender and the Borrower, Mastermark, International, Leasing, Crathco, and GCS Mexico (the "Forbearance Agreement") (as amended or modified as of the date of this Agreement and as it may otherwise be amended from time to time, the "Loan Agreement").

D. The Borrower, the Lender, and Mastermark, International and Leasing have entered into an Amended and Restated Reimbursement Agreement, dated as of June 30, 2000, as amended by the First Amendment to Borrower Documents, the Second Amendment to Borrower Documents, the Third Amendment to Borrower Documents, the Fourth Amendment to Borrower Documents, the Forbearance Agreement and as otherwise amended or modified through the date of this Agreement and certain other agreements and documents (as so amended and as otherwise amended or modified as of the date of this Agreement and as it may otherwise be amended from time to time, the "Reimbursement Agreement"), pursuant to which an irrevocable letter of credit was issued in favor of Bank One, Columbus, NA as credit support for Capital One Funding

Corporation's Series 1995D Floating Rate Notes, certain of the proceeds of which were lent to the Borrower, GI, GL, MC and American Metal Ware Company.

E. Pursuant to the Loan Agreement, the Lender has provided the Borrowers with the General Revolving Credit and the Term Loan.

F. This Agreement is being entered into as a condition subsequent to the execution and delivery of the Forbearance Agreement, and the Lender has entered into the Forbearance Agreement in reliance upon the Borrower's obligations evidenced by this Agreement as well as other consideration more particularly described in the Forbearance Agreement.

NOW, THEREFORE, the Borrower and the Lender agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. In addition, the following terms shall have the following meanings, and the meanings assigned to all capitalized terms used herein shall be equally applicable to both the singular and plural of the terms defined:

"Borrower Documents" shall have the meaning ascribed to it in the Loan Agreement.

"Copyright Office" shall mean the United State Copyright Office.

"Copyrights" shall mean all copyrights, whether registered or not, of the United States or any other country, and all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, applications, registrations and recordings in the United States Copyright Office or of any other country, including but not limited to, those described in Schedule C hereto, and all variations, adaptations, derivatives, renewals thereof and all licenses thereof (whether as licensor or licensee) and other agreements and/or rights of any kind relating thereto.

"Event of Default" shall have the meaning given that term in Section 16 of this Agreement.

"IP Collateral" shall mean all of the property in which the Borrower grants the Lender a security interest under Section 2 of this Agreement.

"Interest Rate Swap" shall have the meaning ascribed to it in the Loan Agreement.

"General Revolving Credit" shall have the meaning given that term in the Loan Agreement.

"General Revolving Credit Note" shall have the meaning given that term in the Loan Agreement.

“Licenses” all license agreements regarding Patents, Trademarks, Copyrights, or Trade Secrets with any other party, whether the Borrower is a licensor or licensee under any such license agreement, and the right to prepare for sale, sell and advertise for sale, all Inventory now or hereafter owned by the Borrower and now or hereafter covered by such licenses, including but not limited to those described in Schedule E attached hereto.

“Patent and Trademark Office” shall mean the United States Patent and Trademark Office.

“Patents” shall mean all letters patent of the United States or of any other country, and all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any other office or agency of the United States or any State thereof or of any other country, including but not limited to, those described in Schedule B hereto, and all inventions, reissues, re-examinations, divisions, improvements, continuations, continuations-in-part, continuing prosecution applications, or extensions thereof, substitutes, renewals, and all licenses thereof (whether as licensor or licensee) and other agreements and/or rights of any kind relating thereto.

“Secured Obligations” shall mean all of the obligations secured by this Agreement as set forth in Section 3 of this Agreement.

“Term Loans” shall have the meaning given that term in the Loan Agreement.

“Term Note” shall have the meaning given that term in the Loan Agreement.

“Trade Secrets” shall mean all trade secrets, proprietary information and “know-how”, including but not limited to those described in Schedule D hereto.

“Trademarks” shall mean all trademarks, trade names, trade dress, corporate names, fictitious names, trade styles, service marks, logos, commercial symbols, prints and labels on which any of the foregoing have appeared, now appear or hereafter appear, designs and the goodwill and general intangibles of like nature relating thereto, now existing or hereafter adopted or acquired, and all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any other office or agency of the United States or any State thereof, or any other country or any political subdivision thereof, including, but not limited to, those described in Schedule A hereto, and all renewals thereof and all licenses thereof (whether as licensor or licensee) and other agreements and/or rights of any kind relating thereto.

2. **Grant of Security Interest.** The Borrower, for valuable consideration, receipt of which hereby is acknowledged, hereby transfers, assigns and pledges and grants to the Lender, a security interest in (a) all of the Borrower’s right, title and interest in to and under (a) the Copyrights, Patents, Trademarks, Licenses, Trade Secrets, (b) rights to sue and other claims for past, present and future infringements and/or misappropriations of any of such Trademarks, Patents, Copyrights, and Trade Secrets, or dilution thereof, or for injury to the goodwill associated therewith, (c) all income, damages and other amounts payable of any kind under or

with respect to any of the foregoing, including, without limitation, royalty fees, proceeds of infringement suits and other amounts of any kind, and (d) all proceeds and products of the foregoing, in whatever form the same may be. The grant of security herein amends and restates certain provisions of the Security Agreement.

3. **Obligations Secured.** The security interests granted by the Borrower hereby secure the payment and performance of all of the following Secured Obligations: (a) any and all indebtedness of the Borrower to the Lender evidenced by the Term Note and the General Revolving Credit Note, and any and all obligations contained in the Term Note; (b) any and all of the representations, warranties, obligations, agreements, covenants and promises of the Borrower contained in the Loan Agreement, the Reimbursement Agreement, the Term Note and the General Revolving Credit Note, this Agreement and the other Borrower Documents, whether or not now or hereafter evidenced by any note, instrument or other writing; (c) any obligations under any Interest Rate Swap and (d) any and all indebtedness, obligations and liabilities of the Borrower to the Lender, however evidenced, whether now existing or hereafter arising, direct or indirect, absolute or contingent, or acquired by the Lender, including without limitation, any and all other indebtedness, liabilities and obligations of the Borrower to the Lender that exist on the date of this Agreement, or arise or are created or acquired after the date of this Agreement, regardless of whether of the same or of a different class or type as the indebtedness evidenced by the Term Notes, the General Revolving Credit Note and/or the other Borrower Documents, and whether or not the creation thereof was reasonably foreseeable or would be naturally contemplated by the Borrower or the Lender as the date of this Agreement.

4. **Collateral Assignment.**

(a) In addition to, and not in limitation of, the grant of the security interest in the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses in Section 1 above, the Borrower hereby grants, assigns, transfer, conveys, sets over to the Lender, the Borrower's entire right, title and interest in and to the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses; provided that such grant, assignment, transfer and conveyance will become effective only at the election of the Lender and after the occurrence of an Event of Default that is continuing at the time of the election. the Borrower hereby agrees that after the effectiveness of such grant, assignment, transfer and conveyance of any of the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses, the use by the Lender of any such Patents, Trademarks, Copyrights, Trade Secrets, and Licenses will be without any liability for royalties or other related charges from the Lender to any the Borrower.

(b) In addition, the Borrower has executed in blank and delivered to the Lender an assignment of license and federally registered patents, trademarks and copyrights (the "IP Assignment") owned by it in the form of the attached Exhibit A hereto. the Borrower hereby authorizes the Lender to complete as Assignee and record with the Patent and Trademark Office and the Copyright Office each IP Assignment upon the occurrence of an Event of Default that is continuing at the time of filing.

5. **General Representations and Warranties.** The Borrower represents and warrants as follows:

(a) Each of the Trademarks, Patents, Copyrights, Trade Secrets, and Licenses is valid, enforceable and subsisting.

(b) The Borrower has the requisite corporate power and authority to execute, deliver and perform this Agreement, and this Agreement is the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(c) The Schedules hereto are true and complete lists of all IP Collateral as of the date hereof.

(d) This Agreement creates a legal and valid lien on the IP Collateral, enforceable against the Borrower and all third parties.

(e) This Agreement does not violate and is not in contravention of any other agreement to which the Borrower is a party or any judgment or decree by which the Borrower is bound and does not require any consent under any other agreement to which the Borrower is a party or by which the Borrower is bound.

(f) The Borrower is the sole and exclusive owner of and has good and marketable title to the IP Collateral; none of the IP Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, setoff, defense, claim, license, shop right, work for hire claims, covenant not to sue, or other encumbrance, except the liens in favor of the Lender; and there are no legal actions, administrative proceedings or claims pending or threatened relating to any of the IP Collateral, except as otherwise set forth on the attached Schedule F.

(g) The Borrower has notified the Lender in writing of all uses of any Patent, Trademark or Copyright, prior to the Borrower's use, of which the Borrower is aware, which would in the reasonable judgment of the Borrower lead to such item becoming invalid or unenforceable, including prior unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such item.

(h) The Borrower's products have been marked as required by statute with respect to the IP Collateral.

(i) The Borrower has used consistent standards of quality in manufacturing, distribution, and marketing of each product sold and provision of each service provided under any IP Collateral, and have taken all steps necessary to ensure that all licensed users of any IP Collateral use such consistent standards of quality.

6. **Trademark Representations and Warranties.** The Borrower represents and warrants as follows:

(a) The Borrower is the sole, legal and beneficial owner of the entire right, title and interest in and to the Trademarks purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the security

interests created or permitted by this Agreement, the Security Agreement or the Loan Agreement and certain Licenses and registered user agreements described in Schedule E. No financing statement or similar instrument is in effect covering all or any part of the Trademarks purported to be granted by the Borrower hereunder is on file in any recording office, including, without limitation, the Patent and Trademark Office and the equivalent offices in any foreign jurisdiction, except such as may have been filed in favor of the Lender.

(b) Set forth on Schedule A is a list of all of the Trademarks owned by the Borrower.

(c) Each Trademark identified on Schedule A is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to the Borrower's knowledge, valid, registrable, and enforceable.

7. **Patent Representations and Warranties.** The Borrower represents and warrants as follows:

(a) The Borrower is the sole legal and beneficial owner of the Patents set forth opposite its name on Schedule B hereto, free and clear of any lien, security interest, option, charge, pledge, assignment (whether conditional or not), or any other encumbrance except for the security interest created or permitted by this Agreement, the Security Agreement or the Loan Agreement and certain Licenses and registered user agreements described in Schedule E and no financing statement or other instrument similar in effect covering all or any part of such IP Collateral is on file in any recording office, except such as may have been filed in favor of the Lender.

(b) Set forth on Schedule B is a list of all of the Patents owned by the Borrower.

(c) Each Patent of the Borrower identified on Schedule B hereto is subsisting and has not been adjudged unpatentable, invalid or unenforceable, in whole or in part, and to the knowledge of the Borrower is patentable, valid and enforceable, and each of such Patent applications has been filed in conformity with applicable rules and procedures of the Patent and Trademark Office and of the equivalent agencies in each applicable foreign jurisdiction and will be diligently prosecuted in conformity therewith so as not to become improperly abandoned.

8. **Copyright Representations and Warranties.** The Borrower represents and warrants as follows:

(a) the Borrower is the sole, legal and beneficial owner of the entire right, title and interest in and to the Copyrights purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the security interests created or permitted by this Agreement, the Security Agreement or the Loan Agreement and certain Licenses and registered user agreements described in Schedule E. No financing statement or similar instrument is in effect covering all or any part of the Copyrights purported to

be granted by the Borrower hereunder is on file in any recording office, including, without limitation, the Copyrights Office and the equivalent offices in any foreign jurisdiction ,except such as may have been filed in favor of the Lender.

(b) Set forth on Schedule C is a list of all of the Copyrights owned by the Borrower.

(c) Each Copyright identified on Schedule C is validly subsisting and has not been abandoned or adjudged invalid, unregistrable or unenforceable, in whole or in part, and is, to the Borrower's knowledge, valid, registrable, and enforceable.

9. **Trade Secret Representations and Warranties.** The Borrower represents and warrants as follows:

(a) The Borrower is the sole, legal and beneficial owner of the entire right, title and interest in and to the Trade Secrets purported to be granted by it hereunder, free and clear of any lien, security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), or covenant, or any other encumbrance, except for the security interests created or permitted by this Agreement, the Security Agreement or the Loan Agreement and certain Licenses and registered user agreements described in Schedule E. No financing statement or similar instrument is in effect covering all or any part of the Trade Secrets purported to be granted by the Borrower hereunder is on file in any recording office, except such as may have been filed in favor of the Lender.

(b) Set forth on Schedule D is a list of all of the Trade Secrets owned by the Borrower.

(c) Each Trade Secret identified on Schedule D is validly subsisting and has not been abandoned or adjudged invalid, or unenforceable, in whole or in part, and is, to the Borrower's knowledge, valid, and enforceable.

10. **Covenants.** The Borrower covenants and agrees as follows:

(a) Anything herein to the contrary notwithstanding, the Borrower will remain liable under the IP Collateral to observe and perform all the conditions and obligations to be observed and performed by the Borrower thereunder, all in accordance with and pursuant to the terms and provisions thereof.

(b) The Borrower will furnish to the Lender within three months of acquiring or becoming aware of such ownership interest, and not less frequently than upon each anniversary of execution of this Agreement, statements and schedules identifying and describing any change, including but not limited to additions and/or deletions in the IP Collateral, and such other reports in connection with the IP Collateral as the Lender may reasonably request, all in reasonable detail, and includes a detailed explanation of any deletions therefrom.

(c) The Borrower (either itself or through its licensees) will: (1) continue to properly use and maintain each Trademark that is material to the Borrower's business in full force and free from any claim of abandonment for non-use, (2) maintain, as in the past, the quality of products and services offered under such Trademark, (3) employ such Trademark with the appropriate notice of application or registration, and (4) not, and not permit any licensee or sublicensee thereof to, do any act or knowingly omit to do any act whereby such Trademark may become invalidated.

(d) The Borrower will not do any act, or omit to do any act, whereby any Patent or Copyright may become abandoned, part of the public domain or otherwise unenforceable.

(e) The Borrower will notify the Lender immediately if the Borrower knows or has reason to know that any application or registration relating to any Patent, Copyright, Trademark, or Trade Secret, and any intellectual property that may be subject to a license, may become abandoned, invalid, or otherwise unenforceable, or of any adverse determination or development, including but not by way of limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or Copyright Office or any court, regarding the ownership of any part of the IP Collateral, its right to register the same, or to keep, use, enforce and/or maintain the same.

(f) If at any time after the date of this Agreement, the Borrower or any subsidiary of the Borrower (direct or indirect) obtains rights to any new or additional IP Collateral, or becomes entitled to the benefit of any application or registration for any re-issue, division, re-examination, continuation-in-part, continuation, renewal or extension of any IP Collateral or any improvements, adaptations or derivations on any IP Collateral, the provisions of this Agreement will automatically apply thereto and the Borrower will give to the Lender prompt written notice thereof. The Borrower authorizes the Lender to modify this Agreement by adding from time to time an Exhibit B, which Exhibit B will include any such future IP Collateral and applications, and the Borrower will execute and deliver to the Lender from time to time such supplemental assignments or other instruments as the Lender may desire for the purpose of confirming and perfecting the Lender's interest in such IP Collateral. In no event will the Borrower or any subsidiary of the Borrower (direct or indirect), either itself or through any agent, employee, licensee or designee, file an application for the issuance of any patent or the registration of any trademark with the United States Patent and Trademark Office, or for any copyright registration with the United States Copyright Office, or any office or agency of the United States or any State thereof or of any other country or any political subdivision thereof, or enters into any license, unless it promptly informs the Lender, and, upon request of the Lender, executes and delivers any and all agreements, instruments, documents, and papers as the Lender may request to evidence and perfect the Lender's security interest in such IP Collateral for which registration has been applied and the goodwill and other intellectual property and related general intangibles of the Borrower or any subsidiary of the Borrower (direct or indirect) relating thereto or represented thereby, and the Borrower hereby constitutes the Lender as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest and irrevocable until the Obligations are indefeasibly paid in full and this Agreement is terminated.

(g) The Borrower will take all necessary steps, including, without limitation, in any proceeding before the Patent and Trademark Office, Copyright Office or any appropriate office or agency in any state or in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the IP Collateral, including, without limitation, filing of applications for renewal, payment of maintenance fees, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

(h) If any of the IP Collateral is infringed, misappropriated, diluted or otherwise used or returned without authorization by a third party, the Borrower will promptly notify the Lender after the Borrower learns thereof and will take such actions as the Lender will reasonably deem appropriate under the circumstances to protect such IP Collateral.

(i) The Borrower, at its sole cost and expense, will (1) appear in and defend any action arising out of, or in any manner connected with, any of the IP Collateral or the obligations or liabilities of the Borrower thereunder, (2) continue to use consistent standards of quality in its manufacture of products sold under the IP Collateral and will allow the Lender by its agents to inspect such products and quality control records relating thereto to ensure the Borrower's compliance with such quality standards, and (3) allow the Lender by its agents reasonable access to the books and records of the Borrower relating to the IP Collateral.

(j) The Borrower will not (1) sell, assign, pledge or otherwise transfer or encumber all or any part of its interest in any of the IP Collateral, (2) grant any license under any of the IP Collateral (other than licenses to marketing and distribution agents in the ordinary course of business consistent with past practices), or (3) enter into any agreement which is inconsistent with the Borrower's obligations under this Agreement; provided that the Borrower may license the IP Collateral (x) in the ordinary course of the Borrower's business, if and only if such license is necessary or desirable in the conduct of the Borrower's business; or (y) in connection with a sale of assets expressly permitted in the Loan Agreement, if and only if such license is on terms reasonably expected to maximize the gain to the Borrower resulting from the granting of such license. The Lender will execute any documents that the Borrower may reasonably require in order to permit the Borrower to exercise its rights hereunder to license the IP Collateral; provided that in no event will the Lender be required to do anything that may, in the sole judgment of the Lender, result in adversely affecting the lien granted hereunder or the assignment of the IP Collateral located in any foreign jurisdiction.

11. **Payment of Expenses by the Lender.** The Borrower shall keep IP Collateral free and clear of any and all liens other than the security interests created in favor of the Lender under this Agreement or permitted by the Security Agreement or the Loan Agreement, and shall declare and pay any and all fees, assessments, charges and taxes allocable to the IP Collateral, or which might result in a lien against the IP Collateral if left unpaid unless the Borrower at the Borrower's own expense is contesting the validity or amount thereof in good faith by an appropriate proceeding timely instituted which shall operate to prevent the collection or satisfaction of the lien or amount so contested. If the Borrower fails to pay such amount and is not contesting the validity or amount thereof in accordance with the preceding sentence, the Lender may, but is not obligated to, pay such

amount, and such payment shall be deemed conclusive evidence of the legality or validity of such amount. The Borrower shall promptly reimburse the Lender for any and all payments made by the Lender in accordance with the preceding sentence, and until reimbursement, such payments shall be part of the Secured Obligations.

12. **Collections.** After the occurrence of an Event of Default, as defined below, if directed by the Lender, whenever the Borrower receives any payment with respect to any of the IP Collateral it will hold such payment in trust for the Lender and forthwith will deliver to the Lender the same in the form received by the Borrower without commingling with any funds belonging to the Borrower, and promptly will deposit the same in a special collateral account with the Lender.

13. **Notification of Third Parties.** The Lender, at any time after the occurrence of an Event of Default, and without notice to the Borrower, may notify any persons who are indebted to the Borrower with respect to any IP Collateral of the assignment thereof to the Lender and may direct such persons to make payment directly to the Lender of the amounts due. At the request of the Lender after the occurrence of an Event of Default, the Borrower will direct any persons who are indebted to the Borrower with respect to any IP Collateral to make payment directly to the Lender. The Lender is authorized to give receipts to such persons for any such payments and such persons will be protected in making such payments to the Lender.

14. **Execution of Appropriate Documentation with Respect to IP Collateral.** With respect to any and all of the IP Collateral, the Borrower agrees to do and cause to be done all things necessary or appropriate to perfect, maintain the priority of and keep in full force and effect the security interest granted by the Borrower to the Lender, including, but not limited to, the prompt payment upon demand therefor by the Lender of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any document or the taking of any action deemed necessary or appropriate by the Lender to perfect, protect, or enforce a security interest in any of the IP Collateral for the benefit of the Lender, subject only to the liens to which the Lender has specifically consented in writing (the "Permitted Liens"). All amounts not so paid when due will be added to the Obligations and (in addition to other rights and remedies resulting from such non-payment) will bear interest from the date of demand until paid in full at the Default Rate. The Borrower hereby ratifies any filing by the Lender that predates the date of this Agreement but that was intended to perfect the security interest granted hereby. The Borrower confirms that all prior filings were intended to perfect a security interest in all assets, including the security interest granted hereby.

15. **Receivers.** Upon or at any time after the occurrence of an Event of Default, the Lender may request the appointment of a receiver of the IP Collateral. Such appointment may be made without notice, and without regard to (a) the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the Obligations; and (b) the value of the IP Collateral at such time. Such receiver will have the power to take possession, control and care of the IP Collateral and to collect all accounts resulting therefrom. Notwithstanding the appointment of any receiver, trustee, or other custodian, the Lender will be entitled to the possession and control of any cash, or other

instruments at the time held by, or payable or deliverable under the terms of this Security Agreement to the Lender.

16. **Default.** The occurrence of an Event of Default under the Loan Agreement shall constitute a default under this Agreement.

17. **Remedies.**

(a) Upon any Event of Default, the Lender may at its option declare any and all of the Term Loan, the General Revolving Credit Loans and the other Secured Obligations to be immediately due and payable; and, in addition to that right, and in addition to exercising all other rights or remedies, the Lender may proceed to exercise with respect to the Collateral all rights, options and remedies of a secured party upon default as provided for under the Uniform Commercial Code or under any other laws giving rights to creditors generally in IP Collateral. The rights of the Lender upon an Event of Default shall include, without limitation, any and all rights and remedies in any and all other documents, instruments, agreements and other writings between the Lender and the Borrower, all rights and remedies as provided by law, in equity or otherwise, and in addition thereto, to the extent permitted by applicable law the following: (i) the right to take possession and sell, lease or otherwise dispose of the IP Collateral; (ii) at its option, operate, use or exercise any rights of ownership pertaining to the IP Collateral as the Lender deems necessary to preserve the value and receive the benefits of the IP Collateral; (iii) exercise any and all rights and remedies of the Borrower under, in connection with, or otherwise in respect of, such IP Collateral, including the completion and filing of the IP Assignment; and (iv) license such IP Collateral or any part thereof.

(b) Upon the occurrence of an Event of Default, the Lender may, so far as the Borrower can give authority therefor, enter upon any premises on which the IP Collateral or any part thereof may be situated and take possession of and remove the same therefrom. The Lender may require the Borrower to make the IP Collateral available to the Lender at a place to be designated by the Lender that is reasonably convenient to both parties.

(c) The Borrower further agrees that, in the event of any disposition of the IP Collateral upon an Event of Default, the Borrower will duly execute, acknowledge and deliver all documents necessary or advisable to record title to the IP Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of registrations and/or applications for registration of all Trademarks, Copyrights, Patents and Trade Secrets. The Borrower hereby irrevocably appoints the Lender as its attorney-in-fact, with full power of substitution, to execute, deliver, and record such documents on the Borrower's behalf upon the occurrence of an Event of Default. For the purposes of enabling the Lender to exercise its rights and remedies upon an Event of Default, the Borrower hereby grants to the Lender an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Borrower) to use, assign, license or sublicense any of the IP Collateral, now owned or hereafter acquired by the Borrower, and wherever the same may be located.

(d) The net proceeds arising from the disposition of the IP Collateral after deducting expenses incurred by the Lender will be applied to the Obligations in the order

determined by the Lender. If any excess remains after the discharge of all of the Obligations, the same will be paid to the Borrower or as required by law. If after exhausting all of the IP Collateral, there should be a deficiency, the Borrower will be liable therefor to the Lender; provided, however, that nothing contained herein will obligate the Lender to proceed against the IP Collateral prior to making a claim against the Borrower or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations.

(e) Whenever notice is required by law to be sent by the Lender to the Borrower of any sale, lease or other disposition of the IP Collateral, five days written notice sent to the Borrower's address set forth herein for notices will be reasonable.

(f) The rights and remedies provided herein are cumulative and are not exclusive of any other rights or remedies provided by applicable law and do not limit the rights afforded to the Lender under the Security Agreement.

18. **Enforcement Actions.** To the extent permitted by applicable law, the Lender may, but will in no way be obligated to, bring suit in its own name to enforce the IP Collateral and any license thereunder. If the Lender elects to bring any such suit in its own name, the Borrower will at the request of the Lender do any and all lawful acts and execute any and all proper documents required by the Lender in aid of such enforcement, including but not limited to joining with the Lender in the commencement and maintenance of such suit, and agreeing to be named as a party therein, and the Borrower will promptly, upon demand, reimburse and indemnify the Lender for all costs and expenses incurred by the Lender in the exercise of its rights under this Section.

19. **The Lender's Duties.** The powers conferred on the Lender hereunder are solely to protect the interest of the Lender in the IP Collateral, and will not impose any duty upon the Lender to exercise any such powers. Except for the same custody of any IP Collateral in the Lender's possession and the accounting for moneys actually received by the Lender hereunder, the Lender will have no duty as to any IP Collateral or as to the taking of any necessary steps to preserve rights against other parties or any other rights pertaining to any IP Collateral. The Lender will be deemed to have exercised reasonable care in the custody and preservation of the IP Collateral in its possession if such IP Collateral is accorded treatment substantially equal to that which the Lender accords its own similar property.

20. **Obligations, Indemnifications, and Expenses.** If the Borrower fails to comply with any of its obligations hereunder, the Lender may, but will not be obligated to, do so at the expense of the Borrower. To the extent that the Lender incurs any costs or expenses in protecting or enforcing its rights in the IP Collateral or observing or performing any of the conditions or obligations of the Borrower hereunder, including but not limited to reasonable attorneys' fees and the costs and expenses of litigation, such costs and expenses will be due on demand, will be included in the indebtedness secured hereby and will bear interest from the incurring or payment thereof at the highest Default Rate as defined in any of the Obligations. The Borrower will indemnify and hold the Lender harmless against (a) all expenses, liabilities, losses and damages that the Lender may incur under the IP Collateral or under or by reason of this Agreement, and (b) all claims and demands whatsoever that may be asserted against the

Lender by reason of this Agreement or any act of the Lender under this Agreement or under any of the IP Collateral.

21. **The Lender's Power of Attorney.** The Borrower hereby irrevocably constitutes and appoints the Lender, and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower or in its name, from time to time in the Lender's discretion for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, the Borrower hereby gives the Lender the power and right, on behalf of the Borrower, either before or after an Event of Default, and without notice to or assert by the Borrower, to do the following:

(a) to receive payment of, endorse, and receipt for, any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of the IP Collateral;

(b) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect any of the IP Collateral and to enforce any other right in respect of the IP Collateral; *provided however*, that the Lender has no obligation to commence or prosecute any such suits, actions or proceedings;

(c) to settle, compromise or adjust any suit, action or proceeding described above, and, in connection therewith, to give such discharges or releases as the Lender may deem appropriate;

(d) to execute, in connection with the sale provided for in Section 17 hereof, any endorsement, assignments or other instruments of conveyance or transfer with respect to the IP Collateral; and

(f) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the IP Collateral as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do, at the Lender's option, at any time, or from time to time, all acts and things which the Lender deems necessary to protect or preserve the IP Collateral and the Lender's security interest and rights therein in order to effect the intent of this Agreement, all as fully and effectively as the Borrower might do.

The Borrower hereby ratifies all that such attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest, will be irrevocable and will terminate only upon payment in full of the Obligations and the termination of all financing arrangements relating thereto and this Agreement. The powers conferred upon the Lender hereunder are solely to protect the Lender's interests in the IP Collateral and will not impose any duty upon it to exercise any such powers. The Lender will have no obligation to preserve any rights of any third parties in the IP Collateral or to perform any duties or obligations of the Borrower under or with respect to any of the IP Collateral. The Lender will be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it, any

of its affiliates nor any of its agents will be responsible to the Borrower for any action taken or omitted to be taken in good faith or in reliance on the advice of counsel except for its own gross negligence or willful misconduct.

22. Miscellaneous.

(a) Failure by the Lender to exercise any right shall not be deemed a waiver of that right, and any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Lender shall continue in full force and effect until such right is specifically waived in a writing signed by the Lender.

(b) If any part, term or provision of this Agreement is held by any court to be prohibited by any law applicable to this Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision enforced to the greatest extent allowed by law, or if it is totally unenforceable, as if this Agreement did not contain that particular part, term or provision.

(c) The headings in this Agreement have been included for ease of reference only, and shall not be considered in the construction or interpretation of this Agreement.

(d) This Agreement shall inure to the benefit of the Lender, its successors and assigns, and all obligations of the Borrower shall bind the Borrower's successors and assigns.

(e) To the extent allowed under the Uniform Commercial Code, this Agreement shall in all respects be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

(f) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. No change, modification, addition or termination of this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

(g) This Agreement may be signed by each party upon a separate copy, and in such cases one counterpart of this Agreement shall consist of enough of such copies to reflect the signature of each party.

(h) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms thereof to produce or account for more than one such counterpart.

(i) **The Borrower acknowledges that it has received a copy of this Agreement and each of the other Borrower Documents, as fully executed by the parties thereto. The Borrower acknowledges that it (a) has READ THIS AGREEMENT AND THE OTHER BORROWER DOCUMENTS OR HAS CAUSED SUCH DOCUMENTS TO BE EXAMINED BY THE BORROWER'S REPRESENTATIVES OR ADVISORS; (b) is thoroughly familiar with the transactions contemplated in this Agreement and the other Borrower Documents; and (c) has had the opportunity to ask such questions to**

representatives of the Lender, and receive answers thereto, concerning the terms and conditions of the transactions contemplated in this Agreement and the other Borrower Documents as the Borrower deems necessary in connection with the Borrower's decision to enter into this Agreement.

IN WITNESS WHEREOF, the Borrower and the Lender have executed and delivered this Agreement as of the date set out in the preamble hereto, but actually on the dates set forth below.

THE BORROWER:

GRINDMASTER CRATHCO SYSTEMS, INC., a
Delaware corporation

By Robert A. Poe
Robert A. Poe, Vice President

Date: 9/24/03

SECURED PARTY:

BANK ONE, NA

By Paul T. Costel
Paul T. Costel, First Vice President

Date: 9/29/03

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LOULIBRARY/289749.3

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON) SS.

The foregoing instrument was acknowledged before me this 24TH OF SEPT, 2003
by Robert A. Poe, Vice President of Grindmaster Crathco Systems, Inc., a Delaware corporation,
on behalf of that corporation.

Sheryl Winston
Notary Public
My commission expires: 8-20-2005

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JEFFERSON) SS.

The foregoing instrument was acknowledged before me this Sept 29, 2003
by Paul T. Costel, a duly authorized First Vice President of Bank One, NA, a national banking
association, on behalf of that association.

Paul T. Costel
Notary Public
My commission expires: 3-8-05

SCHEDULE A

Trademarks

<u>ISSUED:</u> <u>Country</u>	<u>Registration No.</u>	<u>Issue Date</u>	<u>Mark</u>
United States	1,307,916	12/4/1984	A stylized
United States	2,545,849	3/12/2002	AMERICAN METAL WARE with stylized A
United States	2,245,048	5/11/1999	COLUMBIA
Australia	A450794	8/22/1986	CRATHCO
Brazil	812961366	1/3/1989	CRATHCO
Canada	440581	3/17/1995	CRATHCO
Germany	1181817	10/23/1991	CRATHCO
Hong Kong	95/03419	9/2/1993	CRATHCO
Japan	1942139	3/27/1987	CRATHCO
Mexico	401,578	10/25/1991	CRATHCO
Singapore	7121/93	9/10/1993	CRATHCO
South Korea	301,568	11/8/1994	CRATHCO
Taiwan	00605854	7/16/1993	CRATHCO
Thailand	91683	7/24/1998	CRATHCO
United Kingdom	1295060	12/8/1986	CRATHCO
United States	1,282,357	6/19/1984	CRATHCO
United States	1,317,942	2/5/1985	CRATHCO and design
United States	1,661,613	10/22/1991	CRATHCO logo
Germany	1181818	10/23/1991	CRATHCO plus design
Japan	1946893	4/30/1987	CRATHCO plus design
United States	1,870,466	12/27/1994	ESPRESSIMO
United States	2,655,857	12/3/2003	GRIND' N BREW
Canada	440999	3/24/1995	GRINDMASTER
France	93/483719	9/15/1993	GRINDMASTER
Germany	2096589	5/16/1995	GRINDMASTER
Hong Kong	95/04419	9/1/1993	GRINDMASTER
Japan	4298261	7/23/1999	GRINDMASTER
Mexico	401,997	11/18/1991	GRINDMASTER
Singapore	7122/93	9/10/1993	GRINDMASTER
South Korea	308,142	2/17/1995	GRINDMASTER

Taiwan	633339	2/15/1994	GRINDMASTER
Taiwan	0671280	2/15/1995	GRINDMASTER
United Kingdom	1547615	9/8/1993	GRINDMASTER
United States	920,629	9/21/1971	GRINDMASTER
United States	1,750,028	2/2/1993	GRINDMASTER
United States	1,678,406	3/10/1992	MINI-QUAD
United States	1,370,017	11/12/1985	MINI-TWIN
United States	2,223,719	2/16/1999	SHUTTLE
United States	2,160,342	5/26/1998	WILCH

PENDING:

<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u>	<u>Mark</u>
United States	76/479,058	12/30/2002	CDE CONNECTABLE DIGITAL ELECTRONICS plus design
Malaysia	98/11572	10/7/1998	CRATHCO
Philippines	06064	8/13/1998	CRATHCO
United States	76540378	8/14/2003	GRINDMASTER CORPORATION plus design

SCHEDULE B**Patents****ISSUED:****Country****Patent No.****Issue Date**

Germany	693 18 002	(none given)
European Patent	0616502	4/15/1998
United Kingdom	0616502	4/15/1998
Netherlands	0616502	4/15/1998
Sweden	0616502	4/15/1998
United States	5,241,898	9/7/1993
United States	5,931,343	8/3/1999
United States	6,202,894	3/20/2001
United States	6,244,162	6/12/2001
United States	5,217,108	6/8/1993
United States	6,067,895	5/30/2000
United States	4,955,510	9/11/1990
United States	RE34,382	9/21/1993
United States	4,913,037	4/3/1990
United States	4,794,853	1/3/1989
United States	5,195,422	3/23/1993
United States	D350,869	9/27/1994
United States	D350,868	9/27/1994
United States	D352,421	11/15/1994
United States	5,224,414	7/6/1993
United States	5,244,159	9/14/1993
United States	5,285,705	2/15/1994
United States	D360,331	7/18/1995
United States	5,555,791	9/17/1996
United States	5,558,283	9/24/1996
United States	5,551,331	9/3/1996
United States	5,542,342	8/6/1996
Germany	9105439U	5/2/1991
Germany	59204949	4/4/1992
European Patent	0583257	1/3/1996
France	0583257	1/3/1996
Italy	0583257	1/3/1996
United States	5,413,252	5/9/1995
United States	4,765,152	8/23/1988
United States	D319,369	8/27/1991
United States	4,878,625	11/7/1989
United States	5,463,877	11/7/1995
United States	5,950,941	9/14/1999
United States	D408,209	4/20/1999

TRADEMARK**REEL: 002842 FRAME: 0930**

United States	5,644,972 ¹	7/8/1997
United States	6,325,117	12/4/2001
United States	D471,054	3/4/2003

PENDING:

<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u>
WIPO	PCT/US93/07496	8/10/1993
WIPO	PCT/US97/23824	12/22/1997
WIPO	PCT/US97/19903	10/31/1997
WIPO	PCT/EP9L/00761	4/4/1992
United States	10/307,662	12/2/2002
United States	60/353,838	2/4/2002
United States	10/190,775	7/8/2002
United States	10/429,414	5/5/2003
United States	10/000,793	11/1/2001
United States	10/295,722	11/15/2002
United States	60/449,955	2/25/2003

¹ Owned jointly with Starbucks Coffee Company

SCHEDULE C

Copyrights

NONE

SCHEDULE D

Trade Secrets

NONE

SCHEDULE E

Licenses

NONE

SCHEDULE F

Claims or Legal Actions

NONE

EXHIBIT A

ASSIGNMENT OF PATENTS, TRADEMARKS, COPYRIGHTS, TRADE SECRETS, AND LICENSES

THIS ASSIGNMENT OF PATENTS, TRADEMARKS, COPYRIGHTS, TRADE SECRETS, AND LICENSES (this "Agreement") is made as of August 31, 2003, by GRINDMASTER CRATHCO SYSTEMS, INC., a Delaware corporation (the "Borrower") in favor of BANK ONE, NA (the "Lender"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Loan Agreement (defined below).

RECITALS

A. The Lender, the Borrower and certain of the Borrower's wholly owned subsidiaries have entered into that certain Amended and Restated Loan Agreement dated as of June 30, 2000 (as from time to time amended, modified, supplemented, restated, amended and restated, substituted, refinanced or replaced, the "Loan Agreement").

B. The Borrower has entered into an Intellectual Property Security Agreement (the "IP Security Agreement") dated as of August 31, 2003 pursuant to which the Borrower has granted to the Lender a security interest in the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses as such terms are defined therein to secure the Obligations (all as defined in the IP Security Agreement) and the other Borrower Documents.

C. The Borrower (1) has adopted and used and is using the Trademarks, or is the owner of the registrations of and pending registration applications for such Trademarks in the United States Patent and Trademark Office as set forth on Schedule A the IP Security Agreement; (2) is the owner of the Patents as set forth on Schedule B thereto; (3) is the owner of and uses the Copyrights set forth on Schedule C thereto; (4) is the owner of the Trade Secrets as set forth on Schedule D thereto, and (5) is a party to and has rights under the Licenses set forth on Schedule E thereto (the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses will be collectively referred to as the "IP Collateral").

D. The Lender desires to acquire the Patents, Trademarks, Copyrights, Trade Secrets, the Licenses and the registrations thereof and registration applications therefor, as applicable, in connection with the exercise of its remedies after the occurrence of an Event of Default under the Loan Agreement.

NOW, THEREFORE, the Borrower agrees as follows

1. **Assignment.** For good and valuable consideration, receipt of which is hereby acknowledged, the Borrower does hereby assign, sell and transfer unto the Lender all right, title and interest in and to the Patents, Trademarks, Copyrights, Trade Secrets, and Licenses, together with (i) the registrations of and registration applications therefor, and/or issued patents and

applications therefor, as applicable, (ii) the goodwill of the business symbolized by and associated with the Trademarks and the registrations thereof, (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Patents, Trademarks, Copyrights, Trade Secrets, or the registrations thereof or such associated goodwill, and (iv) all rights of the Borrower to enforce all Licenses.

2. **Grant.** The Borrower hereby grants to the Lender, and notice is hereby given that the Borrower has granted to the Lender, a first priority security interest in the IP Collateral to secure the payment and performance in full of all Obligations (as defined in the Loan Agreement) and all obligations of the Borrower under the IP Security Agreement and any other Loan Documents.

3. **Document Delivered Under Seal.** This Assignment is intended to and shall take effect as a sealed instrument at such time as the Lender will complete this instrument by signing its acceptance of this Assignment below.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties have duly executed this Assignment of Patents, Trademarks, Copyrights, Trade Secrets, and Licenses on the day and year first written above.

THE BORROWER:

GRINDMASTER CRATHCO SYSTEMS, INC., a
Delaware corporation

By _____
Robert A. Poe, Vice President

Date: _____

The foregoing Assignment of Patents, Trademarks, Copyrights, Trade Secrets, and Licenses and the registrations thereof and registration applications therefor by the Borrower is hereby accepted as of August 31, 2003.

BANK ONE, NA

By _____

Name: _____

Title: _____

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EXHIBIT B

INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT (this "Supplement") dated as of _____, _____, is made by and between GRINDMASTER CRATHCO SYSTEMS, INC., a Delaware corporation (the "Borrower"), and BANK ONE, NA (the "Lender") now or hereafter party to the Amended and Restated Loan Agreement dated as of June 30, 2000 between the Borrower and certain of the Borrower's wholly owned subsidiaries and the Lender (as from time to time amended, modified, supplemented, restated, amended and restated, substituted, refinanced or replaced, the "Loan Agreement"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Intellectual Property Security Agreement (as defined below).

RECITALS

A. The Borrower is required under the terms of the Loan Agreement and that certain Intellectual Property Security Agreement, dated as of August 31, 2003 by and between the Borrower and the Lender (as from time to time amended, modified, supplemented, restated, amended and restated, substituted, refinanced or replaced, the "IP Security Agreement") to cause certain intellectual property owned by it and listed on Schedules I, II, III, IV, and V to this Supplement (the "Additional IP Collateral") to become subject to the IP Security Agreement.

B. A material part of the consideration given in connection with and as an inducement to the execution and delivery of the Loan Agreement by the Lender was the obligation of the Borrower to grant a security interest in the assets described herein to the Lender, whether then owned and not required to be subject to a pledge or subsequently acquired or created.

C. The Lender has required the Borrower to grant to the Lender a security interest in the Additional IP Collateral in accordance with the terms of the Loan Agreement and the IP Security Agreement.

NOW, THEREFORE, the Borrower and the Lender agree as follows:

1. Acknowledgement of Grant of Security Interest in Additional IP Collateral. The Borrower hereby affirms and acknowledges the grant of security interest in the Additional IP Collateral contained in the IP Security Agreement and hereby grants to the Lender a first priority lien and security interest in the Additional IP Collateral listed on Schedules I, II, III, IV, and V and all proceeds thereof.

2. Clarification of Defined Terms; Representations and Warranties. The Borrower hereby acknowledges, agrees and confirms that, by its execution of this Supplement, the Additional IP Collateral constitute "IP Collateral" under and is subject to the IP Security Agreement. Each of the representations and warranties with respect to IP Collateral contained in the IP Security Agreement is hereby made by the Borrower with respect to the Additional IP

Collateral. Revised Schedules I, II, III, IV and V to the IP Security Agreement reflecting the Additional IP Collateral are being delivered herewith to the Lender.

The Borrower has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written, but actually on the date set forth below.

GRINDMASTER CRATHCO SYSTEMS, INC., a
Delaware corporation

By _____

Name: _____

Title: _____

Date: _____

Acknowledged and accepted:

BANK ONE, NA

By _____

Name: _____

Title: _____

Date: _____

SCHEDULE I

Patents and Patent Applications

SCHEDULE II

Trademarks and Trademark Applications

SCHEDULE III

Copyrights

SCHEDULE IV

Trade Secrets

SCHEDULE V

Licenses