

09-16-1998

1/ER SHEET ONLY



Tab settings

To the Honorable Commissic

100829514

d the attached original documents or copy thereof.

9-14-98

1. Name of conveying party(ies):

AMERICAN LOCK COMPANY

- Individual(s), Association, General Partnership, Limited Partnership, Corporation-State, Other

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

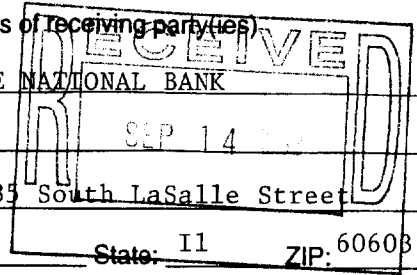
3. Nature of conveyance:

- Assignment, Merger, Security Agreement, Change of Name, Other

Execution Date: August 31, 1998

2. Name and address of Receiving party(ies)

Name: LASALLE NATIONAL BANK Internal Address: Street Address: 135 South LaSalle Street City: Chicago State: IL ZIP: 60603



- Individual(s) citizenship, 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

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

A. Trademark Application No.(s)

See Exhibit A

B. Trademark Registration No.(s)

See Exhibit A

Additional numbers attached? Yes No

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

Name: Patricia Ann Merrill

Internal Address: JONES, DAY, REAVIS & POGUE

09/16/1998 DNGUYEN 00000142 1669138

01 FC:481 40.00 OP 02 FC:482 350.00 OP

Street Address: 77 West Wacker Drive

City: Chicago State: IL ZIP: 60601-1692

6. Total number of applications and registrations involved: 15

7. Total fee (37 CFR 3.41).....\$ 390.00

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

10-1202

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Patricia Ann Merrill Name of Person Signing

Patricia A. Merrill Signature

September 11, 1998 Date

Total number of pages including cover sheet, attachments, and document: 19

EXHIBIT A

UNITED STATES TRADEMARK REGISTRATIONS

1,669,138

1,064,297

1,732,447

1,728,870

1,993,313

1,876,322

1,742,738

1,772,781

1,950,410

1,824,891

1,858,358

1,719,326

793,110

1,773,400

UNITED STATES TRADEMARK APPLICATIONS

74/328,477

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT, dated as of August 31, 1998 (this "Agreement"), is from ALC ACQUISITION COMPANY (the "Company"; provided that, from and after the Merger, the "Company" shall mean AMERICAN LOCK COMPANY, a Delaware corporation) in favor of LASALLE NATIONAL BANK (the "Bank"). Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned to such terms in the Credit Agreement (as defined below).

PRELIMINARY STATEMENTS:

1. The Company and the Bank have entered into a Credit Agreement dated as of August 31, 1998 (as amended, waived or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Bank has agreed, on the terms and conditions set forth therein, to extend credit to the Company.

2. To secure the Company's obligations under the Credit Agreement, the Company has agreed to execute and deliver this Agreement to the Bank.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein, and as a condition to the effectiveness of the Credit Agreement, the Company and the Bank agree as follows:

1. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Secured Obligations (as such term is defined in the Security Agreement), the Company grants to the Bank a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law and the Credit Agreement, all of the Company's now owned or existing and hereafter acquired or arising:

(A) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on the attached Schedule I and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Company's business symbolized by the foregoing and connected therewith and (v) all of the Company's rights corresponding thereto throughout the world (all

of the foregoing trademarks, registered trademarks and trademark applications and service marks, registered service marks and service mark applications, together with the items described in clauses (i) through (v) above Section 1(A) are referred to collectively as the "Trademarks"; and

(B) rights under or interests in any trademark license agreements or service mark license agreements with any other party, whether the Company is licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on the attached Schedule II, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by the Company and now or hereafter covered by such licenses (all of the foregoing are referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 1(B), the Licenses do not include any license agreement in effect as of the date of this Agreement, which by its terms prohibits the grant of the security contemplated by this Agreement; *provided, however*, that upon the termination of such prohibitions for any reason whatsoever, the provision of this Section 1 are deemed to apply thereto automatically.

2. Restrictions on Future Agreements. The Company will not, without the Bank's prior written consent, enter into any agreement, including, without limitation, any license agreement, that is inconsistent with this Agreement and the Company further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, that would in any respect affect the validity or enforcement of the rights transferred to the Bank under this Agreement or the rights associated with the Trademarks or Licenses.

3. New Trademarks and Licenses. The Company represents and warrants that, as of the date of this Agreement, (i) the Trademarks listed on Schedule I include all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned or held by the Company, (ii) the Licenses listed on Schedule II include all of the trademark license agreements and service mark license agreements under which the Company is the licensee or licensor and (iii) no Liens, claims or encumbrances in such Trademarks and Licenses have been granted by the Company to any Person or asserted by any Person against the Company other than the Bank except for Liens permitted under Section 10.8 of the Credit Agreement. If, prior to the termination of this Agreement, the Company (a) obtains rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (b) becomes entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensees or licensors or (c) enters into any new trademark license agreement or service mark license agreement, the provisions of Section 1 automatically apply thereto. The Company will give to the Bank written notice of events described in clauses (a)-(c) above promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis, and upon such occurrence, the Company authorizes the Bank to modify this Agreement unilaterally (x) by amending Schedule I to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and by amending Schedule II

to include any future trademark license agreements and service mark license agreements, that are Trademarks or Licenses under Section 1 or under this Section 3 and (y) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule I or Schedule II thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

4. Royalties. The Company agrees that the use by the Bank of the Trademarks and Licenses as authorized under this Agreement in connection with the Bank's exercise of its rights and remedies under Section 12 hereunder or under the Credit Agreement are coextensive with the Company's rights thereunder and with respect thereto and without any liability to the Company for royalties or other related charges from the Bank.

5. Right to Inspect; Further Assignments and Security Interests. The Bank may at all reasonable times (and at any time when an Event of Default exists and is continuing) have access to, examine, audit, make copies (at the Company's expense) and extracts from and inspect the Company's premises and examine the Company's books, records and operations relating to the Trademarks and Licenses as provided in Section 10.2 of the Credit Agreement; *provided, however*, that in conducting such inspections and examinations, the Bank will use reasonable efforts not to disturb unnecessarily the conduct of the Company's ordinary business operations. The Company agrees (i) not to sell or assign its interests in, or grant any license under, the Trademarks or the Licenses without the prior written consent of the Bank, (ii) to maintain the quality of such products as of the date of this Agreement, and (iii) not to change the quality of such products in any material respect without the Bank's prior written consent.

6. Nature and Continuation of the Bank's Security Interest; Termination of the Bank's Security Interest. This Agreement is made for collateral security purposes only. This Agreement creates a continuing security interest in the Trademarks and Licenses and terminates only when the Bank has no further obligation to extend any credit, no Secured Obligations remain outstanding and the Credit Agreement has been terminated. When this Agreement has terminated, the Bank will promptly execute and deliver to the Company, at the Company's expense, all termination statements and other instruments as the Company may reasonably deem necessary or proper to terminate the Bank's security interest in the Trademarks and the Licenses, subject to any disposition thereof that may have been made by the Bank under this Agreement or the Credit Agreement.

7. Duties of the Company. The Company shall have the duty, through counsel reasonably acceptable to the Bank and to the extent desirable in the normal conduct of the Company's business, to: (i) prosecute diligently and in good faith any trademark application or service mark application that is part of the Trademarks pending as of the date of this Agreement or hereafter until the termination of this Agreement; provided that the Company may abandon any such application upon 30 days prior written notice to the Bank and (ii) make application for trademarks or service marks. The Company will use its best efforts to maintain in full force and effect the Trademarks and the Licenses that a prudent Person would reasonably maintain in the operation of the Company's business. Any expenses incurred in connection with the foregoing will be borne by the Company. The Bank does not have any duty with respect to the Trademarks and Licenses. Without limiting the generality of the foregoing, the Bank is not under any obligation to take any steps necessary to

preserve rights in the Trademarks or Licenses against other parties, but may do so at its option from and after the occurrence and during the continuance of an Event of Default and all expenses incurred in connection therewith will be for the sole account of the Company and will be added to the Secured Obligations secured thereby.

8. The Bank's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Bank has the right, but is not obligated, to bring suit in its own name to enforce the Trademarks and the Licenses and, if the Bank commences any such suit, the Company will, at the request of the Bank, do any and all lawful acts and execute any and all proper documents required by the Bank in aid of such enforcement. The Company will, upon demand, promptly reimburse the Bank for all reasonable costs and expenses incurred by the Bank in the exercise of its rights under this Section 8 (including, without limitation, fees and expenses of attorneys and paralegals for the Bank).

9. Waivers. The Bank's failure, at any time or times hereafter, to require strict performance by the Company of any provision of this Agreement does not waive, affect or diminish any right of the Bank thereafter to demand strict compliance and performance therewith nor does any course of dealing between the Company and the Bank have such effect. No single or partial exercise of any right under this Agreement precludes any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of the Company contained in this Agreement are deemed to have been suspended or waived by the Bank unless such suspension or waiver is in writing signed by an officer of the Bank and directed to the Company specifying such suspension or waiver.

10. Severability. Whenever possible, each provision of this Agreement is interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision is held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability will affect only such clause or provision, or part of such clause or provision, in such jurisdiction, and does not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

11. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 1 and 3 or by a writing signed by the Company and the Bank.

12. Cumulative Remedies; Power of Attorney. (A) The Company irrevocably designates, constitutes and appoints the Bank (and all Persons designated by the Bank in its sole and absolute discretion) as the Company's true and lawful attorney-in-fact, and authorizes the Bank and any of the Bank's designees, in the Company's or the Bank's name, to take any action and execute any instrument to the extent necessary to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse the Company's name on all applications, documents, papers and instruments necessary or desirable for the Bank in the use of the Trademarks or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses, to anyone and (iv) take any other actions with respect to the Trademarks or the Licenses

as the Bank deems necessary, in its reasonable discretion, to protect its interests under this Agreement. The Company ratifies all that such attorney-in-fact lawfully does or causes to be done by virtue of the provisions of this Section 12. This power of attorney is coupled with an interest and is irrevocable until the Bank has no further obligation to extend any credit and no Secured Obligations remain outstanding. The Company acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Bank under the Credit Agreement or any of the other Loan Documents, but rather is intended to facilitate the exercise of such rights and remedies. The Bank agrees that it will not take any action under the authority granted to it pursuant to this Section 12(A) unless an Event of Default has occurred and is continuing.

(B) The Bank has, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents or the Licenses may be located or deemed located. Upon the occurrence and during the continuation of an Event of Default and the election by the Bank to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Patents and Licenses, the Company agrees to assign, convey and otherwise transfer title in and to the Patents and the Licenses to the Bank or any transferee of the Bank and to execute and deliver to the Bank or any such transferee all such agreements, documents and instruments as may be necessary, in the Bank's sole discretion, to effect such assignment, conveyance and transfer. All of the Bank's rights and remedies with respect to the Patents and the Licenses, whether established by this Agreement, by the Credit Agreement, by any other Loan Document or by law, are cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth in this Agreement to the contrary, it is expressly agreed that upon the occurrence and during the continuation of an Event of Default, the Bank may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement and any of the other Loan Documents.

13. Successors and Assigns. This Agreement is binding upon the Company and its successors and assigns, and inures to the benefit of the Bank and its permitted successors and assigns. The Company's successors and assigns include, without limitation, a receiver, trustee or debtor-in-possession of or for the Company; *provided, however*, that the Company will not voluntarily assign or transfer its rights or obligations under this Agreement without the Bank's prior written consent.

14. GOVERNING LAW. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS. WHENEVER POSSIBLE EACH PROVISION OF THIS AGREEMENT SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS AGREEMENT SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS AGREEMENT. ALL OBLIGATIONS OF THE COMPANY AND RIGHTS OF THE BANK EXPRESSED HEREIN OR IN ANY OTHER LOAN DOCUMENT SHALL BE IN ADDITION TO AND NOT IN LIMITATION OF THOSE PROVIDED BY APPLICABLE LAW.

15. Notices. All notices or other communications under this Agreement will be given in the manner and to the addresses set forth in the Credit Agreement.

16. Section Titles. The section and paragraph titles of this Agreement are for convenience of reference only, and do not affect in any way the interpretation of any of the provisions of this Agreement.

17. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties to this Agreement in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together constitute one and the same agreement.

18. WAIVER OF JURY TRIAL. EACH OF THE COMPANY AND THE BANK HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[The remainder of this page intentionally is left blank]

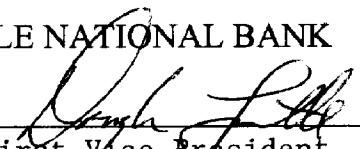
Delivered at Chicago, Illinois, as of the day and year first above written.

ALC ACQUISITION COMPANY

By: 
Title: President and Chief Executive Officer

Accepted and agreed to as of the day and year first above written.

LASALLE NATIONAL BANK

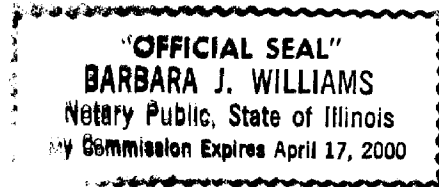
By: 
Title: First Vice President

STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing Trademark Security Agreement was acknowledged before me this 31st day of August, 1998, by Van Zandt Hawn, the President and CEO of ALC Acquisition Company, on behalf of such corporation.

Barbara J. Williams
Notary Public

My commission expires: April 17, 2000

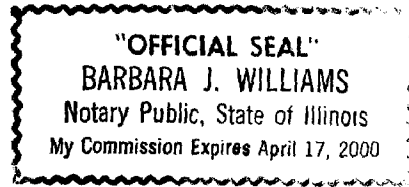


STATE OF ILLINOIS)
)
COUNTY OF COOK)

The foregoing Trademark Security Agreement was acknowledged before me this 31st day of August, 1998, by Douglas Lovette of LaSalle National Bank, on behalf of such bank.

Barbara J. Williams
Notary Public

My commission expires: April 17, 2000



SCHEDULE I
TRADEMARKS

See list attached to this Schedule I for a listing of Trademarks

AMERICAN LOCK COMPANY

(02000-015)

April 16, 1998

U.S. TRADEMARKS

* Internal Serial Watch
for AMERICAN LOCK

MARKING	OWNER	TRADEMARK	CLASS	STATUS	REGISTERED TRADEMARK NUMBER	REGISTERED TRADEMARK DATE	RENEWAL DATE	REMARKS
306	Junkunc Bros. American Lock Company	A (Stylized) [Shield Design]	CL: 6/Padlock	Registered	RN: 1,669,138	RD: 12/24/1991	12/24/2001	8 & 15 accepted
310	Junkunc Bros. American Lock Company	AMERICAN	CL: 6/Padlock	Registered (Incontestable)	RN: 1,064,297	RD: 04/26/1977	04/26/1997	\$ 2(0)
309	Junkunc Bros. American Lock Company	AMERICAN LOCK	CL: 6/Padlocks	Registered	RN: 1,732,447	RD: 11/17/1992	11/17/2002	\$ 2(0) Disclaimer LOCK
308	Junkunc Bros. American Lock Company	AMERICAN LOCK (and design)	CL: 6/Padlocks	Registered	RN: 1,728,870	RD: 11/03/1992	11/03/2002	\$ 2(0) Disclaimer LOCK
		[A Shield to the left of AMERICAN]						
324	Junkunc Bros. American Lock Company	AMERICAN LOCK logo	CL: 6/Padlocks and hasps	Registered	RN: 1,993,313	RD: 10/13/1996	10/13/2006	Section 8 & 15 due: 10/13/2002 \$ 2(0) Disclaimer LOCK

U.S.

WESTBROOK SECURITY Pk
04/15/98

MARK/JP FILE NO.	OWNER	TRADEMARK	CLASS/ GOODS	STATUS	REGISTRATION/ SERIAL NUMBER	REGISTRATION/ FILING DATE	RENEWAL DATE	COMMENTS
318	Junkunc Bros. American Lock Company	AMERICAN LOCK COMPANY (and design) [A Shield to the left of AMERICAN]	Cl. 6/Metal Padlocks	Registered	RN: 1,876,322	RD: 01/31/1995	01/31/2005	\$ 210 Disclaimer: LOCK COMPANY
311	Junkunc Bros. American Lock Company	AMERICAN LOCK COMPANY (and design) [Stylized A part of the word American]	Cl. 6/Metal Padlocks	Registered	RN: 1,742,738	RD: 12/29/1992	12/29/2002	\$ 210 Disclaimer: LOCK COMPANY
302	Junkunc Bros. American Lock Company	THE LOCKSMITH'S LOCK	Cl. 6/Metal Padlocks	Registered	RN: 1,772,781	RD: 05/25/1993	05/25/2003	
325	Junkunc Bros. American Lock Company	SUPERCENTRIC	Cl. 6/Lock Cylinders	Registered	RN: 1,950,410	RD: 01/23/1996	01/23/2006	
313	Junkunc Bros. American Lock Company	WEATHERBUILT	Cl. 6/Padlocks	Registered	RN: 1,824,891	RD: 03/08/1994	03/08/2004	
313	Junkunc Bros. American Lock Company	WEATHERBUILT PLUS	Cl. 6/Padlocks	Registered	RN: 1,858,358	RD: 10/18/1994	10/18/2004	

U.S.

03700015510481 PJK
04/15/94

MW&E IP FILE NO.	OWNER	TRADEMARK	CLASS/ GOODS	STATUS	REGISTRATION/ SERIAL NUMBER	REGISTRATION EFFECTIVE DATE	RENEWAL DATE	COMMENTS
327	Junkunc Bros. American Lock Company (Delaware Corp.)	KEY ADVANTAGE PROGRAM	CL: 6/Metal Locks; Namely, Padlocks and Door Locks	Registered	RN: 1,719,326	RD: 09/22/1992	09/22/2002	Section 8&15 Due: 09/22/1998
327	Junkunc Bros. American Lock Company (Delaware Corp.)	KEY ADVANTAGE	CL: 6/Metal Locks; Namely, Padlocks and Door Locks	Abandoned	SN: 74328,477	FD: 11/05/1992		No Statement of Use filed after Notice of Allowance issued. MWE not prosecuting
327	Junkunc Bros. American Lock Company (Illinois Corp.)	KEY-KEEPER	CL: 20/Storage Cabinets for Keys	Registered Supplemental Register	RN: 793,110	RD: 07/20/1965	07/20/2005	
310	Junkunc Bros. American Lock Company (Delaware Corp.)	SOLID AMERICAN	CL: 6/Metal Locks, Including Padlocks and Door Locks	Registered	RN: 1,773,400	RD: 05/25/1993	05/25/2003	Section 8&15 Due: 05/25/1999

U.S.

0700001531CHMT PJK
04/15/98

REGISTRATION NUMBER	TRADEMARK	CLASS / GOODS	STATUS	REGISTRATION NUMBER	REGISTRATION DATE	COMMENTS
317	AMERICAN LOCK COMPANY (and design)	CL: 6/Padlocks	Registered	RN: 421,839	RD: 02/14/1994	
	[Stylized A part of the word American]					
319	AMERICAN LOCK logo	CL: 6/Padlocks	Abandoned	SN: 94070963	FD: 07/22/1994	
315	AMERICAN LOCK COMPANY (and design)	CL: 6/Padlocks	Registered	RN: 158,857	RD: 04/28/1994	
	[Stylized A part of the word American]					
326	AMERICAN LOCK logo	Local CL: 31 Padlocks	Registered	RN: 89,745	RD: 03/20/1997	
323	AMERICAN LOCK	CL: 6/Padlocks				Will file after we have an indication of whether U.K. Trademark Office will allow the mark to register so we can argue that U.K. has let mark register.
314	AMERICAN LOCK COMPANY (and design)	CL: 6/Padlocks	Registered	RN: 536437	RD: 07/13/1993	
	[Stylized A part of the word American]					

OREIGN

REGISTRATION NO. 11111

SCHEDULE II

LICENSES

NONE