

MAC RECO 9-14 98

09-23-1998



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Tab settings

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

1. Name of conveying party(ies): Ariens Company, Stens Corporation
Individual(s) Association
General Partnership Limited Partnership
Corporation-State (WI)
Other
Additional name(s) of conveying party(ies) attached? Yes No

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 Limited Liability Partnership
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: August 31, 1998

4. Application number(s) or trademark
A. Trademark Application No.(s) 75/482,786
Additional numbers attached? Yes No

B. Trademark Registration
Please See attached Exhibit B-1

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Federal Research Corp.
Internal Address:
Street Address: 400 Seventh St NW Suite 101
City: Washington State DC ZIP: 20002

6. Total number of applications and registrations involved: 21
7. Total fee (37 CFR 3.41) \$ 740.00
Enclosed
Authorized to be charged to deposit
8. Deposit account number:
(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 of the original document.
Nancy A. Butler Name of Person
Signature
Date 9/9/98

Total number of pages including cover sheet, attachments, and document: 24

99/21/1998 TTONAL 0000272 7548276

EXHIBIT B-1**U.S. Trademarks and Trademark Applications**

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
2,008,288	October 15, 1996	Ariens
1,205,136	August 17, 1982	Ariens
1,056,465	January 18, 1977	Ariens Grass Bagger
1,694,012	June 16, 1992	Ariens Mowing System
1,909,742	August 8, 1995	Ariens Plus (design)
1,303,087	October 14, 1983	Ariens Power Charge
631,261	July 24, 1956	Ariens Trans-A-Matic
1,405,500	August 19, 1986	Bagger-Vac
831,406	July 4, 1967	Diamond Logo (design)
1,989,876	July 30, 1996	EZR
1,973,143	May 7, 1996	EZ Rider
693,151	February 16, 1960	Flex-N-Float
1,177,835	November 17, 1981	Gard-N-Yard
1,978,390	June 4, 1996	Grand Sierra
758,801	October 22, 1963	Gravely
1,978,389	June 4, 1996	High Sierra
1,567,123	November 21, 1989	Power Merchants
979,367	February 26, 1974	Pow-R-Pro
2,026,796	December 31, 1996	Pro-Aire
2,030,554	January 14, 1997	Pro Chip
1,725,043	October 10, 1992	Promark (design)
2,117,988	December 2, 1997	Promaster
2,117,960	December 2, 1997	Pro Vac
2,020,359	December 3, 1996	Sierra
1,980,707	June 18, 1996	Sno-Thro

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
1,820,441	February 8, 1994	Swivel System
1,971,355	April 30, 1996	The Ariens Advantage
2,020,982	December 3, 1996	The Best From Start to Finish
1,584,627	February 27, 1990	Yard Beautiful & Design

Canadian Trademarks

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
TMA335,726	December 24, 1987	Ariens
TMA126,972	June 22, 1962	Tillivator
TMA357,599	June 23, 1989	Ariens Power Charge
TMA240,443	March 7, 1980	Gravelly

**INTELLECTUAL PROPERTY
PLEDGE AND ASSIGNMENT AGREEMENT**

THIS INTELLECTUAL PROPERTY PLEDGE AND ASSIGNMENT AGREEMENT dated as of August 31, 1998 (this "Agreement"), is made by **ARIENS COMPANY** and **STENS CORPORATION**, both Wisconsin corporations (individually and collectively, the "Grantor"), to **LASALLE NATIONAL BANK**, a national banking association (the "Lead Bank"), in its capacity as Lead Bank for **ASSOCIATED BANK LAKESHORE, N.A.**, a national banking association and **LASALLE NATIONAL BANK** (each of the foregoing, together with their respective successors and assigns, the "Banks").

All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Secured Credit Agreement dated as of August 31, 1998, by and among the Grantor, the Banks and the Lead Bank (the "Credit Agreement").

PRELIMINARY STATEMENTS:

1. The Banks and the Lead Bank have entered into the Credit Agreement with Grantor, wherein the Banks have agreed to loan their respective Bank Commitment, up to Fifty Million and No/100ths Dollars (\$50,000,000.00), representing the maximum aggregate amount of all Bank Commitments (the "Loan") to the Grantor in accordance with and subject to the terms and conditions set forth in the Credit Agreement and the Related Documents.

2. It is a condition precedent to the making of the Loan by the Banks to the Grantor under the Credit Agreement that the Grantor secure its obligations by making the pledge and granting the assignment and security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Banks to make the Loan under the Credit Agreement and the Related Documents, the Grantor hereby agrees with the Banks and the Lead Bank as follows:

SECTION 1. Pledge, Assignment and Grant of Security. The Grantor hereby assigns and pledges to the Lead Bank on behalf of the Banks, and hereby grants to the Lead Bank on behalf of the Banks a security interest in, all of the Grantor's right, title and interest in and to the following, if and to the extent assignable, whether now owned or hereafter acquired (collectively, the "Collateral"):

(a) all patents, patent applications for which registrations have been issued or applied for in the United States Patent and Trademark Office, including, without limitation, the inventions and improvements described and claimed therein, including, without limitation, those listed on Exhibit A-1 and interests under patent license agreements (both as licensee and licensor) including, without limitation, those listed on Exhibit A-2, each attached hereto and made a part hereof, and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income,

royalties, damages and payments now and hereafter due and/or payable with respect thereto, including without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, but excluding attorneys' fees and court costs payable to the Grantor in respect thereto, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world in all jurisdictions in which such patents have been registered or for which registration has been applied for (all of the foregoing patents and applications, and interests under patent license agreements, together with the items described in clauses (i) through (iv) and the goodwill of Grantor's business connected therewith, are hereinafter collectively referred to as the "Patents");

(b) all trademarks, trademark registrations, interests under trademark license agreements, tradenames and trademark applications for which registrations have been issued or applied for in the United States Patent and Trademark Office or used in the United States or any state, territory or possession thereof, including, without limitation, the trademarks, trademark registrations and applications listed on Exhibit B-1 attached hereto and made a part hereof and the trademark license agreements (both as licensee and licensor) listed on Exhibit B-2 attached hereto and made a part hereof and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, but excluding attorneys' fees and court costs payable to the Grantor with respect thereto, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trademark registrations, and interests under trademark license agreements, tradenames and applications, together with the items described in clauses (i) through (iv) and the goodwill of Grantor's business connected therewith, are hereinafter collectively referred to as the "Trademarks");

(c) all copyrights, copyright applications for which registrations have been issued or applied for in the United States Copyright Office, and interests under copyright license agreements (both as licensee and licensor), including, without limitation, the work fixed in a tangible medium described therein, including, without limitation, the copyrights and applications listed on Exhibit C-1, and the interests under license agreements listed on Exhibit C-2, each attached hereto and made a part hereof, and (i) the releases, divisions, continuations, renewals, extensions and continuations-in-part 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 thereof, but excluding attorneys' fees and court costs payable to the Grantor in respect thereto, (iii) the right to sue for past, present and future infringements thereof, and (iv) all rights corresponding thereto throughout the world in all jurisdictions in which such copyrights have been registered or for which registration has been applied for (all of the foregoing copyrights and applications, and interests under copyright license agreements, together with the items described in clauses (i) through (iv) and the goodwill of Grantor's business connected therewith, are sometimes hereinafter individually and/or collectively referred to as the "Copyrights"); and

(d) all proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a) through (c) of this Section 1) and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Lead Bank and/or the Banks are the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral and (ii) cash proceeds.

SECTION 2. Security for Obligations; Absolute Assignment.

(a) This Agreement secures the payment of the Liabilities and all other obligations of the Grantor now or hereafter existing under the Credit Agreement and those certain secured promissory notes executed by the Grantor, evidencing the Loan (collectively, the "Note"), whether for principal, interest, fees, expenses or otherwise, and all obligations of the Grantor now or hereafter existing under this Agreement (all such obligations of the Grantor being the "Obligations").

(b) The parties intend that this Agreement shall be a present, absolute, and unconditional assignment and shall, immediately upon execution, give the Lead Bank on behalf of the Banks the right to collect payments in respect of the Collateral and to apply them in payment of the principal, interest and all other sums payable under the Note and the other Related Documents evidencing the Loan. Such assignment and grant shall continue in effect until the Loan is paid in full. However, subject to the provisions set forth herein and in the Credit Agreement, the Lead Bank on behalf of the Banks grants to the Grantor an exclusive license to collect payments in respect of the Collateral as they become due, and to take any other action with respect to the Collateral as Grantor shall deem reasonable, so long as an Event of Default has not occurred and is continuing under the Credit Agreement, the Related Documents or this Agreement. The Grantor further agrees that the Lead Bank on behalf of the Banks may enforce this Agreement without first resorting to or exhausting any other security or collateral for the Loan; however, nothing herein contained shall prevent the Banks or the Lead Bank on behalf of the Banks from exercising any other right under the Note, the Credit Agreement or the other Related Documents.

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

SECTION 4. Representations and Warranties. The Grantor represents and warrants as follows:

(a) The chief place of business and chief executive office of the Grantor and the office where the Grantor keeps its books and records concerning the Collateral are located at its address specified in Exhibit E hereto.

(b) The Grantor is the legal and beneficial owner of the Collateral, free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement and the Permitted Liens set forth in the Credit Agreement. No effective financing statement or other document similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of the Lead Bank or the Banks relating to this Agreement and the other Permitted Liens.

(c) The Patents listed on Exhibit A-1 and Exhibit A-2 constitute all of the patents and applications now owned by or licensed to or by Grantor for which registrations have been issued or applied for in the United States Patent and Trademark Office. If, before the Obligations have been satisfied in full and the Credit Agreement terminated, Grantor shall **(i)** obtain rights to any new patentable inventions or **(ii)** become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, or of any patent license agreement, the provisions of Section 1(a) above shall automatically apply thereto and Grantor shall give to Lead Bank on behalf of the Banks prompt written notice thereof.

(d) With respect to the Patents, Grantor has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral except for **(i)** license agreements to use such Patents granted to licensees described on Exhibit A-2 hereto, **(ii)** consent and/or settlement agreements limiting the rights of the Grantor or its licensees to use the Patents as described on Exhibit A-3 hereto, and **(iii)** agreements restricting the rights of the Grantor or its licensees to sue for infringement of the Patents as described on Exhibit A-4 hereto.

(e) To the best of Grantor's knowledge and belief after due inquiry, no material infringement or unauthorized use presently is being made of any of the Patents which would materially adversely affect the fair market value of the Collateral or the benefits of this Assignment granted to the Lead Bank for the benefit of the Banks, including, without limitation, the priority or perfection of the security interest granted herein or the remedies of the Lead Bank or the Banks hereunder.

(f) The Copyrights listed on Exhibit B-1 and the license agreements listed on Exhibit B-2 constitute all of the copyrights and applications now owned by or licensed to or by Grantor for which registrations have been issued or applied in the United States Copyright Office. If, before the Obligations have been satisfied in full and the Credit Agreement terminated, Grantor shall **(i)** obtain rights to any new copyrightable works or **(ii)** become entitled to the benefit of any copyright application or copyright for any reissue, division, continuation, renewal, extension or continuation-in-part of any Copyright, or of any copyright license agreement, the provisions of Section 1(c) above

shall automatically apply thereto and Grantor shall give to Lead Bank for the benefit of the Banks prompt written notice thereof.

(g) With respect to the Copyrights, Grantor has made no previous assignment, transfer or agreements in conflict herewith or constituting a present or future assignment, transfer, or encumbrance on any of the Collateral except for license agreements to use such Copyrights granted to licensees described on Exhibit B-2 hereto.

(h) The Trademarks listed on Exhibit C-1 and the license agreements listed on Exhibit C-2 constitute all of the Trademarks and applications now owned or licensed to or by Grantor for which registrations have been issued or applied for in the United States Patent and Trademark Office or used in the United States or any state, territory or possession thereof. If, before the Obligations shall have been satisfied in full and the Credit Agreement terminated, Grantor shall (i) obtain rights to any new trademarks, trademark registrations or applications or tradenames used in the United States or any state, territory or possession thereof or (ii) become entitled to the benefit of any trademark application, trademark, trademark registration or tradename used in the United States or any state, territory or possession thereof, the provisions of Section 1(b) above shall automatically apply thereto and Grantor shall give to Lead Bank for the benefit of the Banks prompt written notice thereof.

(i) No consent of any other person or entity and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the grant by the Grantor of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor, (ii) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment and security interest) or (iii) for the exercise by the Lead Bank or the Banks of the rights provided for in this Agreement or the remedies in respect of any of the Collateral pursuant to this Agreement.

(j) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

SECTION 5. Further Assurances.

(a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Bank or the Lead Bank, on behalf of the Banks, may reasonably request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Bank or the Lead Bank, on behalf of the Banks, to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

(b) The Grantor hereby authorizes the Lead Bank, on behalf of the Banks, to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of the Grantor where permitted

by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to the Lead Bank, on behalf of the Banks, from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Lead Bank may reasonably request, all in reasonable detail.

SECTION 6. As to Patents, Trademarks and Copyrights. Grantor hereby agrees that any rights granted hereunder to use by Banks or Lead Bank, on behalf of the Banks, and its successors, transferees and assigns, with respect to all Collateral as described above shall be worldwide and without any liability for royalties or other related charges from Banks to Grantor. The term of the assignments of security interest granted herein shall extend until the earlier of (i) the expiration or termination of each of the Patents, Trademarks and Copyrights assigned hereunder, or (ii) the date on which all Obligations have been paid in full and the Credit Agreement has been terminated.

SECTION 7. Transfers and Other Liens. The Grantor shall not (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, except to the extent such Collateral is no longer useful or necessary to the Grantor's businesses or (ii) create or permit to exist any lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement and the Permitted Liens.

SECTION 8. Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) The default by Grantor in the performance or observance of any obligation or agreement of Grantor hereunder, which default has not been cured within thirty (30) days of notice by the Lead Bank.

(b) The occurrence of an "Event of Default" pursuant to, and as defined in, the Credit Agreement.

(c) The occurrence of a "Default" or an "Event of Default", as applicable, pursuant to, and as defined in, any of the Related Documents.

SECTION 9. Lead Bank Appointed Attorney-in-Fact. From and after the occurrence and during the continuance of an Event of Default, the Grantor hereby irrevocably appoints the Lead Bank the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Lead Bank's discretion, to take any action and to execute any instrument which the Lead Bank may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection therewith; and

(c) to file any claims or take any action or institute any proceedings which the Lead Bank may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lead Bank or the Banks with respect to any of the Collateral.

SECTION 10. Lead Bank May Perform. If the Grantor fails to perform any agreement contained herein, the Lead Bank may itself perform, or cause performance of, such agreement, and the expenses of the Lead Bank incurred in connection therewith shall be payable by the Grantor under Section 13(b).

SECTION 11. The Lead Bank's Duties. The powers conferred on the Lead Bank hereunder are solely to protect its interest, on behalf of the Banks, in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lead Bank shall have no duty as to any Collateral, or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Lead Bank shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which accords its own property. Pursuant to Section 8.10 of the Credit Agreement, once the Borrowers' ratio of indebtedness to Net Worth (as described in the Credit Agreement) falls below a 3.0 to 1.0, the Lead Bank, on behalf of the Banks have agreed to release all Liens against each of the Borrowers, provided, however, each of the Borrowers are in compliance with all other conditions of Section 8 of the Credit Agreement.

SECTION 12. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Lead Bank may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of Illinois at that time (the "Code") (whether or not the Code applies to the affected Collateral), and also may (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Lead Bank forthwith, assemble all or part of the Collateral as directed by the Lead Bank and make it available to the Lead Bank at a place to be designated by the Lead Bank which is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lead Bank's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lead Bank may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the

Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lead Bank shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lead Bank may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by the Banks or the Lead Bank as Collateral and all cash proceeds received by the Lead Bank in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Lead Bank, be held by the Lead Bank, on behalf of the Banks, as collateral for, and/or at Grantor's request then or at any time thereafter, be applied (after payment of any amounts payable to the Banks and the Lead Bank pursuant to Section 13) in whole or in part by the Banks and the Lead Bank against, all or any part of the Obligations in such order as the Banks and the Lead Bank shall elect. Any surplus of such cash or cash proceeds held by the Banks or the Lead Bank and remaining after payment in full of all the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) The Lead Bank, on behalf of the Banks, may exercise any and all rights and remedies of the Grantor in respect of the Collateral.

(d) All payments received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Banks, and upon the request of the Lead Bank, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Lead Bank in the same form as so received (with any necessary indorsement).

SECTION 13. Indemnity and Expenses.

(a) The Grantor agrees to indemnify the Lead Bank and the Banks from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Lead Bank's or any Bank's gross negligence or willful misconduct.

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

SECTION 14. Amendments; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lead Bank on behalf of the

Banks, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 15. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication) and mailed, telecopied, telegraphed, telexed, cabled or delivered to it, in accordance with the notice provisions set forth in the Credit Agreement.

SECTION 16. Continuing Security Interest; Assignments under Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the payment in full of the Obligations and all other amounts payable under this Agreement and the Credit Agreement, (ii) be binding upon the Grantor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the Lead Bank, the Banks and each of their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Banks may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of the Loan and the Note) pursuant to, and in accordance with, the terms and conditions of the Credit Agreement. Upon the payment in full of the Obligations and all other amounts payable under this Agreement and the Credit Agreement, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, the Lead Bank and the Banks will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 17. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of Illinois in which case, the laws of such jurisdiction shall govern. Unless otherwise defined herein or in the Credit Agreement, terms used in Article 9 of the Code are used herein as therein defined.

SECTION 18. Security Interest Absolute. The obligations of the Grantor under this Agreement are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Grantor to enforce this Agreement. All rights of the Lead Bank and the Banks and the pledge, assignment and security interest hereunder, and all obligations of the Grantor hereunder, shall be absolute and unconditional, irrespective of:

(i) any lack of validity or enforceability of the Credit Agreement, the Note or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or the Note, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Grantor or any of its subsidiaries, Affiliates or otherwise;

(iii) any taking, exchange, release or non-perfection of any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations;

(iv) any manner of application of collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of the Grantor or any of its subsidiaries or Affiliates;

(v) any change, restructuring or termination of the corporate structure or existence of the Grantor or any of its subsidiaries or Affiliates; or

(vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Grantor or a third party grantor of a security interest.

SECTION 19. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original and all such counterparts shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

GRANTOR:

ARIENS COMPANY, a Wisconsin corporation

By: Thomas M. Vanden Hogen
Name: Thomas M. Vanden Hogen
Its: Vice President & Chief Financial Officer

STENS CORPORATION, a Wisconsin corporation

By: Thomas M. Vanden Hogen
Name: Thomas M. Vanden Hogen
Its: Vice President

LEAD BANK:

LASALLE NATIONAL BANK, a national banking association, in its capacity as Lead Bank for the Banks

By: John McGuire
Name: John McGuire
Its: Account Officer

EXHIBIT A-1

U.S. Patents

<u>Patent Number</u>	<u>Issued Date</u>	<u>Title</u>
5,101,802	April 7, 1992	Spark Ignition Safety Circuit
3,839,919	October 8, 1974	Riding Mower
3,795,094	March 5, 1974	Riding Mower
4,192,525	March 11, 1980	Two-wheel tractor with two-wheel trailer
4,156,339	May 29, 1979	Lawn mower bag
3,903,679	----	Dead man's control for lawn mower
5,758,436	June 2, 1998	Single Stage Snowthrower

Canadian Patent

<u>Patent Application</u>	<u>Issued Date</u>	<u>Title</u>
533,179	----	Spark Ignition Safety Circuit

EXHIBIT A-2

Patent License Agreements

**Description of
License Agreement**

**Name and Address of
Other Party to License
Agreement**

**Licensee
Under
Agreement**

None

EXHIBIT A-3

Patent Consent and Settlement Agreements

None

EXHIBIT A-4

**Agreements Restricting Rights
to Sue for Patent Infringements**

None

EXHIBIT B-1**U.S. Trademarks and Trademark Applications**

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
2,008,288	October 15, 1996	Ariens
1,205,136	August 17, 1982	Ariens
1,056,465	January 18, 1977	Ariens Grass Bagger
1,694,012	June 16, 1992	Ariens Mowing System
1,909,742	August 8, 1995	Ariens Plus (design)
1,303,087	October 14, 1983	Ariens Power Charge
631,261	July 24, 1956	Ariens Trans-A-Matic
1,405,500	August 19, 1986	Bagger-Vac
831,406	July 4, 1967	Diamond Logo (design)
1,989,876	July 30, 1996	EZR
1,973,143	May 7, 1996	EZ Rider
693,151	February 16, 1960	Flex-N-Float
1,177,835	November 17, 1981	Gard-N-Yard
1,978,390	June 4, 1996	Grand Sierra
758,801	October 22, 1963	Gravely
1,978,389	June 4, 1996	High Sierra
1,567,123	November 21, 1989	Power Merchants
979,367	February 26, 1974	Pow-R-Pro
2,026,796	December 31, 1996	Pro-Aire
2,030,554	January 14, 1997	Pro Chip
1,725,043	October 10, 1992	Promark (design)
2,117,988	December 2, 1997	Promaster
2,117,960	December 2, 1997	Pro Vac
2,020,359	December 3, 1996	Sierra
1,980,707	June 18, 1996	Sno-Thro

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
1,820,441	February 8, 1994	Swivel System
1,971,355	April 30, 1996	The Ariens Advantage
2,020,982	December 3, 1996	The Best From Start to Finish
1,584,627	February 27, 1990	Yard Beautiful & Design

Canadian Trademarks

<u>Trademark Number</u>	<u>Registered Date</u>	<u>Title</u>
TMA335,726	December 24, 1987	Ariens
TMA126,972	June 22, 1962	Tillivator
TMA357,599	June 23, 1989	Ariens Power Charge
TMA240,443	March 7, 1980	Gravelly

EXHIBIT B-2

Trademark License Agreements

None

EXHIBIT C-1

Copyrights and Applications

Copyrights:

Description

Number

Date

Country

None

EXHIBIT C-2

Copyright License Agreement

None

EXHIBIT D

Address and Chief Executive Office of Grantor

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655 West Ryan Street
Brillion, Wisconsin 54110

Stens Corporation
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Jasper, Indiana 47546