

02-10-1999



To the

100962428

Remarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies).

Mothership Distribution, Inc.

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

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

3. Nature of conveyance:

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

Execution Date: November 20, 1998

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

Name: Marquette Capital Bank, N.A., individually and as Agent for the Lenders under the Credit Agreement dated 11/20/98

Internal Address: 4000 Dain Rauscher Plaza, P.O. Box 1000

Street Address: 60 South 6th Street

City: Minneapolis State: MN ZIP: 55480-1000

- 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 registration number(s):

A. Trademark Application No.(s): 75355325; 75413254; 75413257; 75441092; 75441353; 75441427; 75549348; 75447281; 75447575; 75447584

B. Trademark registration No.(s): 75105946; 75158059

Additional numbers attached? Yes No

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

Name: Alexandra M. Peters

Internal Address: 2800 Minnesota World Trade Center

Street Address: 30 E. Seventh Street City: St. Paul State: MN ZIP: 55101

6. Total number of applications and registrations involved: 12

7. Total fee (37 CFR 3.41). \$ 315.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

02/10/1999 DCDATES 00000012 75355325

DO NOT USE THIS SPACE

01 FC:481 40.00 DP
02 FC:482 275.00 DP

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.

Alexandra M. Peters
Name of Person Signing

Alexandra Peters
Signature

2/4/99
Date

Total number of pages comprising cover sheet: 1

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

**THIRD PARTY
SECURITY AGREEMENT**

Date: November 20, 1998

Debtor: Mothership Distribution, Inc.
Address: 1201 Lund Boulevard
Anoka, MN 55303

Secured
Party: Marquette Capital Bank, N.A.,
individually and as Agent for the
Lenders under the Credit Agreement
dated November 20, 1998
Address: 4000 Dain Rauscher Plaza
60 South 6th Street
P.O. Box 1000
Minneapolis, MN 55480-1000

Federal Tax I.D. No. 41-1886340

Borrower: First Team Sports, Inc.

1. OBLIGATIONS SECURED. This Agreement secures the following (called the "Obligations"):

All debts, liabilities and obligations of every type and description which the Borrower may now or at any time owe to the Secured Party, including but not limited to all principal, interest, and other charges, fees, expenses and amounts, and all notes, guaranties, agreements, and other writings in favor of the Secured Party, whether now existing or hereafter arising, direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several, or joint and several.

2. SECURITY INTEREST. To secure the payment and performance of the Obligations, the Debtor grants the Secured Party a security interest (the "Security Interest") in, and assigns to the Secured Party, the following property (called the "Collateral"):

All of Debtor's right, title and interest in and to the United States letters patent, and applications for letters patent, and the inventions described and claimed therein, as set forth on Exhibit A hereto, and any United States letters patent which may be issued upon any of said applications; any future patent applications and any patents acquired or obtained hereafter; any reissue, extension, division or continuation of such patents; and all trademarks and trademark registrations, tradenames and tradename registrations, and applications for trademark and tradename registrations set forth on Exhibit B hereto, and any trademark registrations which may be issued upon any of said applications, any future trademark applications, and any trademarks or

tradenames acquired or created hereafter, together with all the good will of Debtor associated with and represented by the trademarks or tradenames; and

All products and proceeds of the foregoing property, including without limitation all accounts, instruments, chattel paper, other rights to payment, deposit accounts, money, insurance proceeds and general intangibles related to the foregoing property, and all refunds of insurance premiums due or to become due under all insurance policies covering the foregoing property, and all royalties and other fees paid or to be paid to the Debtor with respect to patents and trademarks.

3. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. The Debtor represents and warrants to the Secured Party and agrees as follows:

a. The Debtor is a Minnesota corporation, and the address of the Debtor's chief executive office is shown at the beginning of this Agreement. The Debtor has not used any trade name, assumed name, or other name except the Debtor's named stated above. The Debtor shall give the Secured Party prior written notice of any change in such address or the Debtor's name or if the Debtor uses any other name. The Debtor has authority to execute and perform this Agreement. The Debtor's federal taxpayer identification number is shown above.

b. Except as set forth in any existing or future agreement executed by the Secured Party: the Debtor is the owner of the Collateral, or will be the owner of the Collateral hereafter acquired, free of all security interests, liens and encumbrances other than the Security Interest and any other security interest of the Secured Party; the Debtor shall not permit any security interest, lien or encumbrance, other than the Security Interest and any other security interest of the Secured Party, to attach to any Collateral without the prior written consent of the Secured Party; the Debtor shall defend the Collateral against the claims and demands of all persons and entities other than the Secured Party, and shall promptly pay all taxes, assessments and other government charges upon or against the Debtor, any Collateral and the Security Interest; and no financing statement covering any Collateral is on file in any public office. If any Collateral is or will become a fixture, the Debtor, at the request of the Secured Party, shall furnish the Secured Party with a statement or statements executed by all persons and entities who have or claim an interest in the real estate, in form acceptable to the Secured Party, which statement or statements shall provide that such persons and entities consent to the Security Interest.

c. The Debtor shall not sell or otherwise dispose of any Collateral or any interest therein without the prior written consent of the Secured Party, except that, until the occurrence of an Event of Default or the revocation by the Secured Party of the Debtor's right to do so, the Debtor may sell or lease any Collateral constituting inventory in the ordinary course of business at prices constituting the fair market value thereof. For purposes of this Agreement, a transfer in partial or total satisfaction of a debt, obligation or liability shall not constitute a sale or lease in the ordinary course of business.

d. Each account, instrument, investment property, chattel paper, other right to payment and general intangible constituting Collateral is, or will be when acquired, the valid, genuine and legally enforceable obligation of the account debtor or other issuer or obligor named therein or in the Debtor's records pertaining thereto as being obligated to pay such obligation, subject to no defense, setoff or counterclaim. The Debtor shall not, without the prior written consent of the Secured Party, agree to any material modification or amendment of any such obligation or agree to any subordination or cancellation of any such obligation.

e. All tangible evidence of the Collateral shall be located at the Debtor's address stated above, and no such Collateral shall be located at any other address without the prior written consent of the Secured Party.

f. The Debtor shall: (i) maintain the Collateral in good standing with the appropriate local, state, federal and foreign governmental authorities; (ii) promptly notify the Secured Party of any loss of right, title or interest in the Collateral or of any adverse change in the prospect of payment of any account, instrument, chattel paper, other right to payment or general intangible constituting Collateral; (iii) not permit any Collateral to be used or kept for any unlawful purpose or in violation of any federal, state or local law; (iv) keep all tangible Collateral insured in such amounts, against such risks and in such companies as shall be acceptable to the Secured Party, with lender loss payable clauses in favor of the Secured Party to the extent of its interest in form acceptable to the Secured Party (including without limitation a provision for at least 30 days' prior written notice to the Secured Party of any cancellation or modification of such insurance), and deliver policies or certificates of such insurance to the Secured Party; (v) at the Debtor's chief executive office, keep accurate and complete records pertaining to the Collateral and the Debtor's financial condition, business and property, and provide the Secured Party such periodic reports concerning the Collateral and the Debtor's financial condition, business and property as the Secured Party may from time to time request; (vi) at all reasonable times permit the Secured Party and its representatives to examine and inspect any Collateral, and to examine, inspect and copy the Debtor's records pertaining to the Collateral and the Debtor's financial condition, business and property; and (vii) at the Secured Party's request, promptly execute, endorse and deliver such financing statements and other instruments, documents, control agreements, chattel paper and writings and take such other actions deemed by the Secured Party to be necessary or desirable to establish, protect, perfect or enforce the Security Interest and the rights of the Secured Party under this Agreement and applicable law, and pay all costs of filing financing statements and other writings in all public offices where filing is deemed by the Secured Party to be necessary or desirable.

4. COLLECTION RIGHTS. At any time after an Event of Default, the Secured Party may, and at the request of the Secured Party the Debtor shall, promptly notify any account debtor, issuer or obligor of any account, instrument, investment property, chattel paper, other right to payment or general intangible constituting Collateral that the same has been assigned to the Secured Party and direct such account debtor, issuer or obligor to make all future payments to the Secured Party. In addition, at the request of the Secured Party, the Debtor shall deposit in a collateral account designated by the Secured Party all proceeds constituting Collateral, in their original form received

(with any necessary endorsement), within one business day after receipt of such proceeds by the Debtor. Until the Debtor makes each such deposit, the Debtor will hold all such proceeds separately in trust for the Secured Party for deposit in such collateral account, and will not commingle any such proceeds with any other property. The Debtor shall have no right to withdraw any funds from such collateral account, and the Debtor shall have no control over such collateral account. Such collateral account and all funds at any time therein shall constitute Collateral under this Agreement. Before or upon final collection of any funds in such collateral account, the Secured Party, at its discretion, may release any such funds to the Debtor or any account of the Debtor or apply any such funds to the Obligations whether or not then due. Any release of funds to the Debtor or any account of the Debtor shall not prevent the Secured Party from subsequently applying any funds to the Obligations. All items credited to such collateral account and subsequently returned and all other costs, fees and charges of the Secured Party in connection with such collateral account may be charged by the Secured Party to any account of the Debtor, and the Debtor shall pay the Secured Party all such amounts on demand.

5. LIMITED POWER OF ATTORNEY. If the Debtor at any time fails to perform or observe any agreement herein, the Secured Party, in the name and on behalf of the Debtor or, at its option, in its own name, may perform or observe such agreement and take any action which the Secured Party may deem necessary or desirable to cure or correct such failure. The Debtor irrevocably authorizes Secured Party and grants the Secured Party a limited power of attorney in the name and on behalf of the Debtor or, at its option, in its own name, to collect, receive, receipt for, create, prepare, complete, execute, endorse, deliver and file any and all financing statements, control agreements, insurance applications, remittances, instruments, documents, chattel paper and other writings, to grant any extension to, compromise, settle, waive, notify, amend, adjust, change and release any obligation of any account debtor, issuer, obligor, insurer or other person or entity pertaining to any Collateral, and to take any other action deemed by the Secured Party to be necessary or desirable to establish, perfect, protect or enforce the Security Interest. All of the Secured Party's advances, charges, costs and expenses, including but not limited to reasonable attorneys' fees and legal expenses, in connection with the Obligations and in the protection and exercise of any rights or remedies hereunder, together with interest thereon at the highest rate then applicable to any of the Obligations, shall be secured hereunder and shall be paid by the Debtor to the Secured Party on demand.

6. EVENTS OF DEFAULT. The occurrence of any Event of Default under the Credit Agreement dated the date hereof by and among the Borrower, the Secured Party, LaSalle National Bank, and Firststar Bank, Milwaukee, N.A., as it may be amended and replaced from time to time, shall constitute an "Event of Default" under this Agreement.

7. REMEDIES. Upon the commencement of any proceeding under any bankruptcy, insolvency or similar law by or against the Debtor, the Borrower or any other guarantor of any of the Obligations, all Obligations automatically shall become immediately due and payable in full, without declaration, presentment, or other notice or demand, all of which are hereby waived by the Debtor. In addition, upon the occurrence of any Event of Default and at any time thereafter until such Event

of Default is cured to the written satisfaction of the Secured Party, the Secured Party may exercise any one or more of the following rights and remedies: (a) declare all Obligations to be immediately due and payable in full, and the same shall thereupon be immediately due and payable in full, without presentment or other notice or demand, all of which are hereby waived by the Debtor; (b) require the Debtor to assemble all or any part of the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; (c) exercise and enforce any and all rights and remedies available upon default under this Agreement, the Uniform Commercial Code, and any other applicable agreements and laws. If notice to the Debtor of any intended disposition of Collateral or other action is required, such notice shall be deemed reasonably and properly given if mailed by regular or certified mail, postage prepaid, to the Debtor at the address stated at the beginning of this Agreement or at the most recent address shown in the Secured Party's records, at least 10 days prior to the action described in such notice. The Debtor consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this Agreement, the Collateral, the Security Interest or any of the Obligations, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the Debtor against the Secured Party in connection with this Agreement, the Collateral, the Security Interest or any of the Obligations shall be venued in either the District Court of Hennepin County, Minnesota, or the United States District Court, District of Minnesota, Fourth Division.

8. **WAIVER.** The Debtor waives all claims, rights and remedies which the Debtor may now have or hereafter acquire against any person or entity at any time now or hereafter liable to payment or performance of any of the Obligations and as to any collateral security, including but not limited to all claims, rights and remedies of contribution, indemnification, exoneration, reimbursement, recourse and subrogation, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise, whether or not any of the Obligations have been fully paid or performed, and all payments and recoveries under this Agreement shall be considered equity investments by the Debtor in the Borrower; provided, nothing contained in this Agreement shall deprive the Debtor of any claim, right or remedy, after all of the Obligations have been fully paid and performed, against any person or entity other than the Borrower.

9. **MISCELLANEOUS.** This Agreement supplements the other Third Party Security Agreement of the Debtor dated November 20, 1998 in favor of the Secured Party and the security interest under such other Third Party Security Agreement remains in full force and effect under this Agreement. No act, omission or thing, except full payment and performance of the Obligations, which but for this provision could act as a termination or impairment of the Security Interest or any obligation under this Agreement shall in any way terminate, impair or otherwise affect the Security Interest or any obligation under this Agreement. All terms in this Agreement that are defined in the Minnesota Uniform Commercial Code (the "UCC") shall have the meanings set forth in the UCC. A carbon, photographic or other reproduction of this Agreement is sufficient as a financing statement. No provision of this Agreement can be waived, modified, amended, abridged, supplemented, terminated or discharged and the Security Interest cannot be released or terminated, except by a writing duly executed by the Secured Party. A waiver shall be effective only in the specific instance

and for the specific purpose given. No delay or failure to act shall preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly, concurrently or successively at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall not be a condition to or bar the exercise or enforcement of any other. This Agreement shall bind and benefit the Debtor and the Secured Party and their respective successors and assigns and shall take effect when executed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation, payment and performance of the Obligations. This Agreement and the rights and duties of the parties shall be governed by and construed in accordance with the internal laws of the State of Minnesota (excluding conflict of law rules).

THE DEBTOR REPRESENTS AND WARRANTS TO THE SECURED PARTY AND AGREES THAT THE DEBTOR HAS READ ALL OF THIS AGREEMENT AND UNDERSTANDS ALL OF THE PROVISIONS OF THIS AGREEMENT.

MOTHERSHIP DISTRIBUTION, INC.

By 
Title VP - FINANCE

EXHIBIT A

MOTHERSHIP DISTRIBUTION, INC.

PATENTS

NONE

EXHIBIT B

MOTHERSHIP DISTRIBUTION, INC.

TRADEMARKS

United States Registrations

<u>Trademark</u>	<u>Serial No.</u>	<u>Registration No.</u>
THIRD WORLD	75355325	Pending/Intent to Use
KAMIKAZE	75413254	Pending/Intent to Use
ELEGANT	75413257	Pending/Intent to Use
HEAVY	75441092	Pending/Intent to Use
MOTHERSHIP	75441353	Pending/Intent to Use
3 RD WORLD	75441427	Pending/Intent to Use
TANK	75549348	Pending/Intent to Use
HEAVY	75105946	2059232
3 RD WORLD	75158059	2198877
B!G	75447281	Published/Intent to Use
SUBCON	75447575	Published/Intent to Use
SUBCON	75447584	Published/Intent to Use

Canada

<u>Trademark</u>	<u>Application No.</u>	<u>Registration No.</u>
B!G	087276800	Pending
SUBCON	087276700	Pending

Community Trademarks

<u>Trademark</u>	<u>Application No.</u>	<u>Registration No.</u>
SUBCON	785477	Pending
B!G	785394	Pending

982274.1

RECORDED: 02/08/1999

TRADEMARK
REEL: 1852 FRAME: 0673