



PATENT, TRADEMARK AND LICENSE SECURITY AGREEMENT

THIS PATENT, TRADEMARK AND LICENSE SECURITY AGREEMENT (this "Agreement") is made and entered into as of the 12th day of February, 1999, by JAKEL, INCORPORATED, an Illinois corporation ("Borrower"), in favor of MERCANTILE BANK NATIONAL ASSOCIATION, a national banking association, as agent (in such capacity, the "Agent") for itself and any other "Bank(s)" (as defined therein) from time to time party to that certain Loan Agreement dated as of the date hereof by and among Borrower, the Bank(s) from time to time party thereto and Mercantile Bank National Association as agent for the Bank(s), as the same may from time to time be amended, modified, extended, renewed or restated (the "Loan Agreement"; all capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings ascribed to them in the Loan Agreement).

WITNESSETH:

WHEREAS, Borrower, the Agent and the Bank(s) are concurrently herewith entering into the Loan Agreement; and

WHEREAS, as a condition precedent to the Bank(s) entering into the Loan Agreement, the Bank(s) have required that Borrower execute and deliver this Agreement to the Agent for the ratable benefit of the Bank(s); and

WHEREAS, in order to induce the Bank(s) to enter into the Loan Agreement, Borrower has agreed to execute and deliver this Agreement to the Agent for the ratable benefit of the Bank(s); and

WHEREAS, this Agreement is being executed in connection with and in addition to the Security Agreement dated as of the date hereof and executed by Borrower in favor of the Agent pursuant to which Borrower has granted to the Agent for the ratable benefit of the Bank(s) a lien on and security interest in, among other things, all accounts, inventory, general intangibles, machinery, equipment, books, records, goodwill, patents and trademarks now owned or hereafter acquired by Borrower and all proceeds thereof;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower hereby covenants and agrees with the Agent as follows:

1. Grant of Security Interest. For value received, Borrower hereby grants the Agent for the ratable benefit of the Bank(s) a security interest in and lien on all of Borrower's right, title and interest in, to and under the following described property, whether now owned and existing or hereafter created, acquired or arising:

(a) all patents and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, each patent and patent application listed on Schedules A and B, respectively, attached hereto and incorporated herein by reference (as the same may be amended pursuant hereto from time to time) and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income, damages and payments now and/or hereafter due or payable under or with respect thereto, including, without limitation, license royalties, damages and payments for past or future infringements thereof, (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 patents and patent applications together with the items described in clauses (i) through

(iv) of this subsection (a) are hereinafter collectively referred to herein as the "Patents");

(b) all trademarks, service marks, trademark or service mark registrations, trade names, trade styles, trademark or service mark applications and brand names, including, without limitation, common law rights and each mark and application listed on Schedules C and D, respectively, attached hereto and incorporated herein by reference; and (i) renewals or extensions thereof, (ii) all income, damages and payments now and/or hereafter due or payable with respect thereto, including, without limitation, license royalties, damages and payments for past or future infringements thereof, (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, trade names, service marks and applications and registrations thereof together with the items described in clauses (i) through (iv) of this subsection (b) are hereinafter collectively referred to herein as the "Trademarks");

(c) the license(s) listed on Schedule E attached hereto and incorporated herein by reference and all other license agreements (to the extent such license agreements may be assigned without violating the terms of any such license agreement) with respect to any of the Patents or the Trademarks or any other patent, trademark, service mark or any application or registration thereof or any other trade name or trade style between Borrower and any other party, whether Borrower is licensor or licensee (all of the foregoing license agreements and Borrower's rights thereunder are hereinafter collectively referred to as the "Licenses");

(d) the goodwill of Borrower's business connected with and symbolized by the Trademarks; and

(e) all proceeds, including, without limitation, proceeds which constitute property of the types described in (a), (b), (c) and (d) above and any rents and profits of any of the foregoing items, whether cash or noncash, immediate or remote, and insurance proceeds, and all products of (a), (b), (c) and (d) above, and any indemnities, warranties and guaranties payable by reason of loss or damage to or otherwise with respect to any of the foregoing items;

to secure the payment of any and all of the Borrower's Obligations (hereinafter collectively referred to "Secured Obligations").

2. Representations, Warranties and Covenants of Borrower. Borrower hereby represents and warrants to the Agent, and covenants and agrees with the Agent, that:

(a) all of the Patents, Trademarks and Licenses are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and are not at this time the subject of any challenge to their validity or enforceability;

(b) to the best of Borrower's knowledge, each of the Patents, Trademarks and Licenses is valid and enforceable;

(c) (i) no claim has been made that the use of any of the Patents, Trademarks or Licenses does or may violate the rights of any third person, (ii) no claims for patent infringement have been commenced in connection with any of the Patents and (iii) no claims for trademark infringement have been commenced in connection with any of the Trademarks;

(d) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, Trademarks and Licenses, free and clear of any and all liens, charges and encumbrances, including, without limitation, any and all pledges, assignments, licenses, registered user agreements, shop rights and covenants by Borrower not to sue third persons, excluding only Permitted Liens;

(e) Borrower has the unqualified right to enter into this Agreement and perform its terms;

(f) Borrower has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the registered Patents and Trademarks;

(g) Borrower has the exclusive, royalty-free right and license to use the Patents, Trademarks and Licenses and agrees not to transfer any rights or interest in any of the Patents, Trademarks and/or Licenses during the term of this Agreement; and

(h) Borrower has no notice of any suits or actions commenced or threatened with reference to any of the Patents, Trademarks and/or Licenses.

3. Inspection Rights; Product Quality. Borrower will permit inspection of Borrower's facilities which manufacture, inspect or store products sold under any of the Patents, Trademarks and/or Licenses and inspection of the products and records relating thereto by the Agent and each of the Bank(s) during normal business hours and at other reasonable times. Borrower will reimburse the Agent and each of the Bank(s) upon demand for all costs and expenses incurred by Agent or any of the Bank(s) in connection with any such inspection conducted by Agent or any of the Bank(s) while any Default or Event of Default under the Loan Agreement has occurred and is continuing. A representative of Borrower may be present during any such inspection, provided that a particular representative's availability or unavailability shall not inhibit or delay such inspection. Borrower agrees (a) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable practices and (b) to provide the Agent, upon the Agent's reasonable request from time to time, with a certificate of any officer of Borrower certifying Borrower's compliance with the forgoing.

4. Further Assurances. Borrower hereby agrees that, until (a) all of the Secured Obligations shall have been paid in full, (b) no Letters of Credit shall remain, (c) the Bank(s) have no further commitment or obligation to make any loans or advances or other extensions of credit to Borrower under the Loan Agreement and (d) the Loan Agreement has expired or been terminated in accordance with its terms, it will not, without the prior written consent of the Required Bank(s), enter into any agreement (for example, a license or sublicense agreement) which is inconsistent with Borrower's obligations under this Agreement or the Loan Agreement and Borrower agrees that it will not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to the Agent under this Agreement. Borrower further agrees that at any time and from time to time, at the expense of Borrower, Borrower will promptly execute and deliver to the Agent any and all further instruments and documents and take any and all further action that the Agent or any Bank may request in good faith in order to perfect and protect the security interest granted hereby with respect to the Patents, Trademarks and Licenses or to enable the Agent to exercise its rights and remedies under this Agreement with respect to the same.

5. Additional Patents, Trademarks and Licenses. If Borrower (a) becomes aware of any existing Patents, Trademarks or Licenses of which Borrower has not previously informed the Agent, (b) obtains rights to any new patentable inventions, Patents, Trademarks and/or Licenses or (c) becomes entitled to the benefit of any Patents, Trademarks and/or Licenses which benefit is not in existence on the date of this Agreement, the provisions of this Agreement shall automatically apply thereto and Borrower shall give the Agent prompt written notice thereof.

6. Modification by Agent. Borrower authorizes the Agent to modify this Agreement by amending Schedules A, B, C, D and/or E to include any future patents and patent applications, any future trademarks, service marks, trademark or service mark registrations, trade names, and trademark or service applications, and any future licenses, covered by Paragraphs 1 and 5 hereof, without the signature of Borrower if permitted by applicable law.

7. Use of Patents, Trademarks and Licenses. So long as no Event of Default has occurred and is continuing, Borrower may use the Patents and Trademarks and exercise its rights under the Licenses in any lawful manner not inconsistent with this Agreement on and in connection with products sold by Borrower, for Borrower's own benefit and account and for none other.

8. Default. If any Event of Default shall have occurred and be continuing, the Agent shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which any of the Patents, Trademarks and/or Licenses may be located and, without limiting the generality of the foregoing, the Agent may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Borrower, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, all or from time to time any of the Patents, Trademarks (together with the goodwill of Borrower associated therewith) and/or Licenses, or any interest which Borrower may have therein, and after deducting from the proceeds of sale or other disposition of the Patents, Trademarks or Licenses all expenses (including, without limitation, all expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Secured Obligations in the order and manner as the Required Bank(s) may elect. Notice of any sale or other disposition of any of the Patents, Trademarks and/or Licenses shall be given to Borrower at least five (5) Domestic Business Days before the time of any intended public or private sale or other disposition of such Patents, Trademarks and/or Licenses is to be made, which Borrower hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Agent or any holder of any of the Secured Obligations may, to the extent permissible under applicable law, purchase the whole or any part of the Patents, Trademarks and/or Licenses sold, free from any right of redemption on the part of Borrower, which right is hereby waived and released. Borrower agrees that upon the occurrence and continuance of any Event of Default, the use by the Agent and/or the Bank(s) of the Patents, Trademarks and Licenses shall be worldwide, and without any liability for royalties or other related charges from the Agent or any of the Bank(s) to Borrower. If an Event of Default shall occur and be continuing, the Agent shall have the right, but shall in no way be obligated, to bring suit in its own name (for the benefit of itself and the Bank(s), as applicable) to enforce any and all of the Patents, Trademarks and Licenses, and, if the Agent shall commence any such suit, Borrower shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents required by the Agent in aid of such enforcement and the Borrower shall promptly, upon demand, reimburse and indemnify the Agent for all costs and expenses incurred by the Agent in the exercise of its rights under this Agreement. All of Agent's rights and remedies with respect to the Patents, Trademarks and Licenses, whether established

hereby, by the Security Agreement or by any other agreement or by law shall be cumulative and may be exercised singularly or concurrently.

9. Termination of Agreement. At such time as (a) Borrower shall pay all of the Secured Obligations in full, (b) no Letters of Credit shall remain outstanding, (c) none of the Bank(s) shall have any further commitment or obligation to make any loans or advances or other extensions of credit to Borrower under the Loan Agreement and (d) the Loan Agreement shall have expired or been terminated in accordance with its terms, this Agreement shall terminate and the Agent shall execute and deliver to Borrower all instruments as may be necessary or proper to extinguish the Agent's security interest therein, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement.

10. Expenses. Any and all reasonable fees, costs and expenses of whatever kind or nature, including, without limitation, the reasonable attorneys' fees and expenses incurred by the Agent in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or other amounts in connection with protecting, maintaining or preserving the Patents, Trademarks and/or Licenses, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, Trademarks and/or Licenses, shall be borne and paid by Borrower on demand by the Agent and until so paid shall be added to the principal amount of the Secured Obligations and shall bear interest at a rate per annum equal to the lesser of Two Percent (2%) over and above the Prime Rate (which interest rate shall fluctuate as and when the Prime Rate shall change) or the highest rate of interest allowed by law from the date incurred until reimbursed by Borrower.

11. Preservation of Patents, Trademarks and Licenses. Borrower shall have the duty (a) to file and prosecute diligently any patent, trademark or service mark applications pending as of the date hereof or hereafter, (b) to make application on unpatented but patentable inventions and on trademarks and service marks, as commercially reasonable and (c) to preserve and maintain all rights in the Patents, Trademarks and Licenses, as commercially reasonable. Any expenses incurred in connection with Borrower's obligations under this Section 11 shall be borne by Borrower.

12. Agent Appointed Attorney-In-Fact. If any Event of Default shall have occurred and be continuing, Borrower hereby authorizes and empowers the Agent to make, constitute and appoint any officer or agent of the Agent as the Agent may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for the Agent to use the Patents, Trademarks and Licenses, or to grant or issue any exclusive or non-exclusive license under the Patents, Trademarks and Licenses to anyone else, or necessary for the Agent to assign, pledge, convey or otherwise transfer title to or dispose of the Patents, Trademarks and Licenses to anyone else. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the duration of this Agreement.

13. No Waiver. No course of dealing between Borrower and the Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Agent, any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

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


15. Amendments. This Agreement is subject to amendment or modification only by a writing signed by Borrower and the Agent and consented to by the Required Bank(s), except as provided in Paragraph 6 above.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that Borrower may not assign or delegate any of its rights of obligations under this Agreement.

17. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the substantive laws of the State of Missouri (without reference to conflict of law principles).

IN WITNESS WHEREOF, Borrower and the Agent have executed this Patent, Trademark and License Security Agreement as of the 12th day of February, 1999.

JAKEL, INCORPORATED ("Borrower")

By   
Title: Exec. V.P.

MERCANTILE BANK NATIONAL ASSOCIATION, as Agent  
(the "Agent")

By   
Title: VICE PRESIDENT

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF MISSOURI            )  
  ) SS.  
CITY OF ST. LOUIS            )

On this 12th day of February, 1999, before me personally appeared Eric K. Jakel, to me personally known, who, being by me duly sworn, did say that he is the Executive Vice Pres. of JAKEL, INCORPORATED, an Illinois corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and said Exec. Vice President acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the ~~City and State aforesaid~~, the day and year first above written.

(Seal) "NOTARY SEAL"  
SANDRA S. RHODES  
NOTARY PUBLIC, STATE OF MISSOURI  
ST. LOUIS COUNTY  
MY COMMISSION EXPIRES 3/11/99

Sandra S. Rhodes  
Notary Public

My Commission Expires: 3/11/99.

STATE OF MISSOURI            )  
  ) SS.  
CITY OF ST. LOUIS            )

On this 12th day of February, 1999, before me appeared Thomas S. Sherman, to me personally known, who, being by me duly sworn, did say that he is a Vice President of MERCANTILE BANK NATIONAL ASSOCIATION, a national banking association, and that said instrument was signed on behalf of said association by authority of its Board of Directors; and said Vice President acknowledged said instrument to be the free act and deed of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official seal in the ~~City and State aforesaid~~, the day and year first above written.

(Seal) "NOTARY SEAL"  
SANDRA S. RHODES  
NOTARY PUBLIC, STATE OF MISSOURI  
ST. LOUIS COUNTY  
MY COMMISSION EXPIRES 3/11/99

Sandra S. Rhodes  
Notary Public

My Commission Expires: 3/11/99.



SCHEDULE A

United States Patents

<u>Patent No.</u>	<u>Date Issued</u>	<u>Description</u>
5,040,943	August 20, 1991	Furnace Blower Housing and Mounting Bracket
5,352,099	October 4, 1994	Exhaust Fan for Water Heater

SCHEDULE B

United States Patent Applications

Application or Serial No.

Patents in Process

NONE

SCHEDULE C

United States Trademarks

<u>Trademark No.</u>	<u>Date Issued</u>	<u>Description</u>
1,192,013	3/16/82	"DP" and Design
1,200,192	7/6/82	"DURHAM PRODUCTS"

SCHEDULE D

United States Trademark Applications

Application No.

Date Filed

Mark

NONE

SCHEDULE E

LICENSES

1. Trademark License Agreement dated July 1, 1997, by and between Ametek, Inc., as licensor, and Borrower, as licensee, relating to the trademark "WINDJAMMER" (U.S. Registration No. 1,774,953).
  
2. Patent License Agreement dated July 1, 1997, by and between Ametek, Inc., as licensor, and Borrower, as licensee, relating to U.S. Patent No. 5,536,140 (Furnace Blower Having Sound Attenuation) and U.S. Patent No. 5,108,199 (Motor Bearing System)