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TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies)

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other _____

Effective Date
Month Day Year
11/01/99

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year
11/01/99

Name Whitehall Specialties, Inc.

Formerly _____

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization Wisconsin

Receiving Party

Mark if additional names of receiving parties attached

Name M&I Community State Bank

DBA/AKA/TA _____

Composed of _____

Address (line 1) 4106 Hwy. 93

Address (line 2) _____

Address (line 3) Eau Claire Wisconsin 54701
City State/Country Zip Code

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization Wisconsin

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to the Commissioner of Patents and Trademarks, Box Assignments, Washington, DC 20231

REEL: 002011 FRAME: 0911

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes No

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. Charges to deposit account are authorized, as indicated herein.

Marta S. Levine

Marta Levine

December 23, 1999

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is made as of November 1, 1999 by and between WHITEHALL SPECIALTIES, INC., a Wisconsin corporation (the "Borrower"), and M&I COMMUNITY STATE BANK ("M&I").

IN CONSIDERATION of the credit extended now and in the future by M&I to the Borrower and in consideration of M&I entering into a Letter of Credit Application and Credit Agreement (the "Application") pursuant to which it causes M&I Marshall & Ilsley Bank to issue a Letter of Credit to secure bonds issued for the benefit of the Borrower, which Letter of Credit shall result in interest savings on such Bonds and enhance the marketability of the bonds, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I DEFINITIONS

When used in this Security Agreement, the following terms shall have the meanings specified:

1.1 Accounts. "Accounts" shall mean all accounts, including without limitation all rights to payment for goods sold or services rendered that are not evidenced by instruments or chattel paper, whether or not earned by performance, and any associated rights thereto.

1.2 Borrower. "Borrower" shall mean Whitehall Specialties, Inc., a Wisconsin corporation.

1.3 Collateral. "Collateral" shall mean all properties and assets of the Borrower, wherever located, whether tangible or intangible, and whether now owned or hereafter acquired or arising, including without limitation:

(a) all Inventory and documents relating to Inventory;

(b) all Accounts and documents relating to Accounts;

(c) all rents, issues, profits, income, revenues and receipts derived in any fashion;

(d) all goods, equipment and fixtures, including without limitation machinery, furniture, vehicles and trade fixtures;

(e) all general intangibles (including without limitation customer lists; sales records and other business records; contract rights; income tax refunds; insurance policies and insurance proceeds; all investment property; causes of action; and licenses; permits; franchises; patents, including but not

limited to the patents and registrations therefor set forth on Schedule 1 hereto; copyrights, including but not limited to the copyrights and registrations therefor set forth on Schedule 2 hereto; trademarks, including but not limited to the trademarks and registrations therefor set forth on Schedule 3 hereto; trade names; or rights to any of the foregoing and the goodwill related thereto); chattel paper; documents and instruments;

(f) all motor vehicles;

(g) cash and cash equivalents deposited with or delivered to M&I from time to time and pledged as additional security for the Obligations; and

(h) all additions and accessions to, all spare and repair parts, special tools, equipment and replacements for, and all proceeds and products of, any and all of the foregoing assets described in Sections (a), (b), (c), (d), (e), (f) or (g) of this paragraph.

1.4 Collateral Documents. "Collateral Documents" shall have the meaning specified in the Credit Agreement.

1.5 Credit Agreement. "Credit Agreement" shall mean the Credit Agreement dated as of November 1, 1999, as the same shall be amended from time to time in accordance with the terms thereof, by and between the Borrower and M&I, together with the Exhibits and Schedules attached thereto.

1.6 Default. "Default" shall have the meaning specified in the Credit Agreement.

1.7 Event of Default. "Event of Default" shall have the meaning specified in the Credit Agreement.

1.8 Inventory. "Inventory" shall mean any and all goods and inventory, including without limitation goods in transit, wheresoever located, whether now owned or hereafter acquired by Borrower, which are held for sale, lease or demonstration, furnished or to be furnished under any contract of service, goods leased to others, goods held as raw materials, work in process or supplies, and all materials used or consumed in Borrower's business, and shall include property the sale or other disposition of which has given rise to Accounts and which has been returned to or repossessed or stopped in transit by Borrower.

1.9 Liens. "Liens" shall have the meaning specified in the Credit Agreement.

1.10 M&I. "M&I" shall mean M&I Community State Bank, a Wisconsin banking corporation.

1.11 Obligations. "Obligations" shall mean: (a) all debts, liabilities, obligations, covenants and agreements of the Borrower contained in the Credit Agreement; and (b) all debts,

liabilities, obligations, covenants and agreements of the Borrower contained in this Security Agreement and the other Collateral Documents; and (c) any and all other debts, liabilities and obligations of the Borrower to M&I; and (d) any and all fees and expenses, including reasonable attorneys' fees incurred in connection with enforcing any obligations of the M&I under any agreement described in (a) through (c) above.

1.12 Permitted Liens. "Permitted Liens" shall have the meaning specified in the Credit Agreement.

1.13 Person. "Person" shall mean and include an individual, partnership, corporation, limited liability company, limited liability partnership, trust, unincorporated association and any unit, department or agency of government.

1.14 Prime Rate. "Prime Rate" shall mean the rate of interest adopted by M&I Marshall & Ilsley Bank from time to time as its base rate for interest determinations.

1.15 Security Agreement. "Security Agreement" shall mean this Security Agreement, together with Schedules attached hereto, as the same shall be amended from time to time in accordance with the terms hereof.

1.16 Security Interest. "Security Interest" shall mean the security interest of M&I in the Collateral granted by the Borrower pursuant to this Security Agreement.

1.17 UCC. "UCC" shall mean the Uniform Commercial Code as adopted in Wisconsin and in effect from time to time.

ARTICLE II

THE SECURITY INTEREST; REPRESENTATIONS AND WARRANTIES

2.1 The Security Interest. To secure the full and complete payment and performance when due (whether at stated maturity, by acceleration, or otherwise) of each of the Obligations, the Borrower hereby grants to M&I a first priority security interest in all of the Borrower's right, title and interest in and to the Collateral.

2.2 Representations and Warranties. The Borrower hereby represents and warrants to M&I that:

(a) The records of the Borrower with respect to the Collateral are located only at the location(s) listed on Schedule 4 attached to this Security Agreement.

(b) The Collateral is located only at the location(s) listed on Schedule 4 attached to this Security Agreement.

(c) The chief executive office and chief place of business of the Borrower are located at 36120 Owen Street, Whitehall, Wisconsin 54773.

(d) The Borrower has good and marketable title to, or valid leasehold interest in, all of the Collateral and there are no Liens on any of the Collateral except for Permitted Liens.

ARTICLE III

AGREEMENTS OF THE BORROWER

From and after the date of this Security Agreement, and until M&I Marshall & Ilsley Bank's obligations under the Letter of Credit issued pursuant to the Application and the Credit Agreement has been terminated, as such Letter of Credit may be amended or the expiration date extended, and the Letter of Credit has been delivered to M&I Marshall & Ilsley Bank for cancellation and all amounts owed under the Credit Agreement have been paid in full and all fees and other amounts due under the Credit Agreement are paid in full the Borrower shall:

3.1 Sale of Collateral. Not sell, lease, transfer or otherwise dispose of Collateral or any interest therein, except as permitted pursuant to the Credit Agreement.

3.2 Maintenance of Security Interest. (a) At the expense of the Borrower, defend the Security Interest against any and all claims of any Person adverse to M&I, except for Persons holding Permitted Liens, and take such action and execute such financing statements and other documents as M&I may from time to time reasonably request to maintain the perfected status of the Security Interest. Except for Permitted Liens, the Borrower shall not further encumber or grant a security interest in any of the Collateral without the prior written consent of M&I.

(b) Upon the request of M&I, note, or cause to be noted, the Lien of M&I on the certificate of title for any motor vehicle owned by Borrower, and deliver to M&I the original certificate of title for each such motor vehicle.

3.3 Locations. Give M&I at least thirty (30) days prior notice of the Borrower's intention to relocate the tangible collateral or any of the records relating to the Collateral from the locations listed on Schedule 4 attached to this Security Agreement, in which event Schedule 4 shall be deemed amended to include the new location. Any additional filings or refilings reasonably requested by M&I as a result of any such relocation in order to maintain the Security Interest in the Collateral shall be at the Borrower's expense.

3.4 Insurance. Keep the tangible Collateral insured against loss or damage to the Collateral under a policy or policies covering such risks as are ordinarily insured against by

similar institutions, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements, limited only as may be provided in the standard form of such endorsements at the time in use in the State of Wisconsin. Such insurance shall be for amounts not less than the lesser of (i) the full replacement cost of the tangible Collateral, or (ii) an amount necessary to pay, retire and redeem all Obligations. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by M&I. The term "full replacement cost" shall mean the actual replacement cost of the tangible Collateral. The Borrower shall also maintain the insurance respecting the Collateral required under the Credit Agreement. The Borrower will obtain lender's loss payable endorsements on applicable insurance policies in favor of the Borrower and M&I as its interests may appear and will provide certificates of such insurance to M&I. The Borrower shall cause each insurer to agree, by endorsement on the policy or policies or certificates of insurance issued by it or by independent instrument furnished to M&I, that such insurer will give thirty (30) days written notice to M&I before such policy will be altered or cancelled. No settlement of any insurance claim in excess of \$5,000 shall be made without M&I's prior consent. In the event of any insured loss of more than \$5,000 prior to the occurrence of an Event of Default or in the event of any insured loss after the occurrence and during the continuance of an Event of Default, Borrower shall promptly notify M&I thereof in writing, and Borrower hereby authorizes and directs any insurer concerned to make payment of such loss directly to M&I as its interest may appear. M&I is authorized (but not required), in the name and on behalf of Borrower, to make proof of loss and to adjust, compromise and collect, in such manner and amounts as it shall determine, all claims under all policies; and Borrower agrees to sign, on demand of M&I, all receipts, vouchers, releases and other instruments which may be necessary or desirable in aid of this authorization. The proceeds of any insurance from loss, theft, or damage to the Collateral shall be held in a segregated account established at M&I and, disbursed and applied as M&I may see fit, either in reduction of the Obligations or applied toward the repair, restoration or replacement of the Collateral (except that M&I shall not require that the proceeds be applied toward such repair, restoration or replacement if the proceeds are insufficient for such purposes).

ARTICLE IV

RIGHTS AND REMEDIES

4.1 M&I's Right to Cure. In case of failure by the Borrower to procure or maintain insurance, or to pay any fees,

assessments, charges or taxes arising with respect to the Collateral, M&I shall have the right, but shall not be obligated, to effect such insurance or pay such fees, assessments, charges or taxes, as the case may be, and, in that event, the cost thereof shall be payable by the Borrower to M&I immediately upon demand, together with interest at an annual rate equal to the Prime Rate plus two percent (2%) from the date of disbursement by M&I to the date of payment by the Borrower.

4.2 Rights of Parties. Upon the occurrence and during the continuance of an Event of Default, in addition to all the rights and remedies provided in the Credit Agreement or in Article 9 of the UCC and any other applicable law, M&I may (but is under no obligation so to do):

(a) require the Borrower to assemble the Collateral at a place designated by M&I, which is reasonably convenient to the parties; and

(b) take physical possession of Inventory and other tangible Collateral and of the Borrower's records pertaining to all Collateral that are necessary to properly administer and control the Collateral or the handling and collection of Collateral, and sell, lease or otherwise dispose of the Collateral in whole or in part, at public or private sale, on or off the premises of the Borrower; and

(c) collect any and all money due or to become due and enforce in the Borrower's name all rights with respect to the Collateral; and

(d) settle, adjust or compromise any dispute with respect to any Account; and

(e) receive and open mail addressed to the Borrower; and

(f) on behalf of the Borrower, endorse checks, notes, drafts, money orders, instruments or other evidences of payment.

4.3 Power of Attorney. The Borrower does hereby constitute and appoint M&I as the Borrower's true and lawful attorney with full power of substitution for the Borrower in the Borrower's name, place and stead for the purposes of carrying out the provisions of this Security Agreement and taking any action and executing any instrument which M&I may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest.

4.4 Right to Collect Accounts. Upon the occurrence of an Event of Default and without limiting the Borrower's obligations under the Credit Agreement: (a) the Borrower authorizes M&I to notify any and all debtors on the Accounts to make payment directly to M&I (or to such place as M&I may direct); (b) the Borrower agrees, on written notice from M&I, to deliver to M&I

promptly upon receipt thereof, in the form in which received (together with all necessary endorsements), all payments received by the Borrower on account of any Account; and (c) M&I may apply all such payments against the Obligations or at M&I's option remit all or part of such payments to the Borrower.

4.5 Reasonable Notice. Written notice, when required by law, sent to the address of the Borrower at least ten (10) calendar days (counting the day of sending) before the date of a proposed disposition of the Collateral shall be reasonable notice.

4.6 Limitation on Duties Regarding Collateral. M&I's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as M&I deals with similar property for its own account. Neither M&I, nor any of its directors, officers, employees or agents, shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Borrower or otherwise.

4.7 Lock Box; Collateral Account. This Section 4.7 shall be effective only upon the occurrence and during the continuance of an Event of Default. If M&I so requests, the Borrower will direct each of its debtors on the Accounts to make payments due under the relevant Account or chattel paper directly to a special lock box to be under the control of M&I. The Borrower hereby authorizes and directs M&I to deposit into a special collateral account to be established and maintained by M&I all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, M&I may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations, in such order of application as M&I may determine, or permit the Borrower to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, the Borrower agrees that it will promptly deliver to M&I, for deposit into said collateral account, all payments on Accounts and chattel paper received by it. All such payments shall be delivered to M&I in the form received (except for the Borrower's endorsement where necessary). Until so deposited, all payments on Accounts and chattel paper received by the Borrower shall be held in trust by the Borrower for and as the property of M&I and shall not be commingled with any funds or property of the Borrower.

4.8 Application of Proceeds. M&I shall apply the proceeds resulting from any sale or disposition of the Collateral in the following order of priority:

- (a) to the costs of any sale or other disposition;

(b) to the expenses incurred by M&I in connection with any sale or other disposition, including reasonable attorneys' fees;

(c) to the payment of the Obligations then due and owing in any order selected by M&I; and

(d) to the Borrower.

4.9 Other Remedies. No remedy herein conferred upon M&I is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Security Agreement, the Credit Agreement, the Collateral Documents or now or hereafter existing at law or in equity or by statute or otherwise. No failure or delay on the part of M&I in exercising any right or remedy hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right hereunder preclude other or further exercise thereof or the exercise of any other right or remedy.

ARTICLE V

MISCELLANEOUS

5.1 Expenses and Attorneys' Fees. The Borrower shall pay all reasonable fees and expenses incurred by M&I, including the reasonable fees of counsel, in connection with the preparation, administration and amendment of this Security Agreement and the administration, protection and enforcement of the rights of M&I under this Security Agreement, or with respect to the Collateral, including without limitation the protection and enforcement of such rights in any bankruptcy, reorganization or insolvency proceeding involving the Borrower both before and after judgment.

5.2 Setoff. The Borrower agrees that M&I shall have all rights of set off and bankers' lien provided by applicable law, and in addition thereto, the Borrower agrees that if at any time an Event of Default shall exist hereunder or under the Credit Agreement or any payment or other amount owing under the Obligations is then due to M&I, M&I may apply to the payment of such payment or other amount any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter with M&I or any affiliate of M&I.

5.3 Assignability; Successors. The Borrower's rights and liabilities under this Security Agreement are not assignable or delegable, in whole or in part, without the prior written consent of M&I. The provisions of this Security Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

5.4 Survival. All agreements, representations and warranties made in this Security Agreement or in any document delivered

pursuant to this Security Agreement shall survive the execution and delivery of this Security Agreement, and the delivery of any such document.

5.5 Governing Law. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to contracts made and wholly performed within such state.

5.6 Counterparts; Headings. This Security Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. The article and section headings in this Security Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

5.7 Notices. All communications or notices required or permitted by this Security Agreement shall be given in accordance with Section 10(b) of the Credit Agreement.

5.8 Amendment. No amendment of this Security Agreement shall be effective unless in writing and signed by the Borrower and M&I.

5.9 Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

5.10 WAIVER OF RIGHT TO JURY TRIAL. M&I AND BORROWER ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS SECURITY AGREEMENT WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES AND, THEREFORE, THE PARTIES AGREE THAT ANY LAWSUIT ARISING OUT OF ANY SUCH CONTROVERSY SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

IN WITNESS WHEREOF, this Security Agreement has been executed as of the day and year first above written.

WHITEHALL SPECIALTIES, INC.

By: *Steve Sawert*
Title: President

Attest: *Kristy K. Abrahamson*
Title: Assistant Secretary

M&I COMMUNITY STATE BANK

By: *James*
Title: President

Attest: *MM*
Title: Senior Vice President and Regional Manager

**SCHEDULE 1
TO
SECURITY AGREEMENT**

PATENTS

None

**SCHEDULE 2
TO
SECURITY AGREEMENT**

COPYRIGHTS

None

SCHEDULE 3
TO
SECURITY AGREEMENT

TRADEMARKS

| <u>Trademark</u> | <u>Registration Number</u> | <u>Registration Date</u> |
|--|--------------------------------|------------------------------|
| Meltarella | 1,934,140 | November 7, 1995 |
| Ridgeview Farms of Wisconsin | 1,759,208 | March 16, 1993 |
| Ridgeview Farms | 1,691,778 | June 9, 1992 |
| Whitehall Specialties of Wisconsin | 1,768,781 | May 4, 1993 |

**SCHEDULE 4
TO
SECURITY AGREEMENT**

LOCATIONS OF RECORDS:

36120 Owen Street
Whitehall, Wisconsin 54773

1401 County Highway HH
Hillsboro, Wisconsin 54634

LOCATIONS OF COLLATERAL:

36120 Owen Street
Whitehall, Wisconsin 54773

1401 County Highway HH
Hillsboro, Wisconsin 54634

Certain inventory is located in California