

10-25-2000

SHEET

U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office



To the Honorable Commi

ched original documents or copy thereof.

101496474

1. Name of conveying party(ies):

AZ ACQUISITION CORP.

A Utah Corporation

19-13-00

Additional name(s) of conveying parties attached? [] Yes [x] No

and address of receiving parties:

AMSTEL INVESTMENTS, LLC
11150 Santa Monica Boulevard, Suite 320
Los Angeles, California 90025

A Delaware limited liability company

If Assignee is not domiciled in the United States, a domestic representative designation is attached [] yes [X] no

Additional name(s) & address(es) attached? [] Yes [x] No

3. Nature of conveyance: Assignment; Security Agreement

Execution Date: September 27, 2000

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

A. Trademark Application No(s):

N/A

B. Trademark Registration No(s)

2185684, 2266431

13

Additional numbers attached? [] Yes [X] No

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

Elaine R. Levin, Esq.
RIORDAN & McKINZIE
600 Anton Boulevard, Suite 1800
Costa Mesa, California 92626

6. Total number of applications and registrations involved in this security agreement: [2]

7. Total fee (37 CFR 3.41) \$ 65.00

[X] Enclosed Check No. [92757]
[] Any additional fees which may be required are authorized to be charged to deposit account No.

8. Deposit account number: N/A
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

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

Elaine R. Levin
Name of Person Signing

Elaine R. Levin
Signature

10-10-00
Date

Total number of pages including cover sheet, attachments, and documents: [20 including check & post card]

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 date 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.

**COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT
(Intellectual Property)**

This Collateral Assignment and Security Agreement (this "Agreement") is made between AZ Acquisition Corp. (the "Company"), a Utah corporation, and Amstel Investments, LLC, a Delaware limited liability company ("Secured Party").

This Agreement is made pursuant to a Securities Purchase Agreement between Secured Party, the Company, and AZ Holdings Corp., a Utah corporation, dated September 27, 2000 (the "Purchase Agreement").

All of the provisions of this Agreement are subject to the terms and conditions of that certain Intercreditor Agreement dated September 27, 2000, by and between Secured Party and the Bank.

For good and valuable consideration, receipt of which is hereby acknowledged, the Company and Secured Party hereby agree as follows:

1. Definitions. Except as otherwise provided herein, terms defined in the Purchase Agreement shall have the same meanings when used herein. Terms defined in the singular shall have the same meaning when used in the plural and vice versa. Terms defined in the Uniform Commercial Code as adopted now or in the future in the State of Utah which are used herein shall have the meanings set forth in the Utah Uniform Commercial Code, except as expressly defined otherwise. As used herein, the term:

"Collateral" means the collateral described in Section 2, Assignment and Grant of Security Interest.

"Copyrights" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

"Default Rate" means the default interest rate provided in the Note.

"Intellectual Property" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

"Liquidation Costs" means the reasonable costs and out of pocket expenses incurred by Secured Party in obtaining possession of any Collateral, in storage and preparation for sale, lease or other disposition of any Collateral, in the sale, lease, or other disposition of any or all of the Collateral, and/or otherwise incurred in foreclosing on any of the Collateral, including, without limitation, (a) reasonable attorneys fees and legal expenses, (b) transportation and storage costs, (c) advertising costs, (d) sale commissions, (e) sales tax and license fees, (f) costs for improving or repairing any of the Collateral, and (g) costs for preservation and protection of any of the Collateral.

"Patents" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

"Permitted Encumbrances" means liens for taxes and assessments not yet due and payable or, if due and payable, those being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained, security interests and liens created by the Investment Documents, security interests and liens created by the Bank Credit Documents, and security interests and liens authorized in writing by Secured Party, covenants, representations, rights, easements and minor irregularities in title which do not materially interfere with the Company's business or operations as presently conducted, and purchase money security interests and capital leases on which the aggregate outstanding principal balance and lease payments do not exceed five hundred thousand dollars (\$500,000.00).

"Trade Secrets" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

"Trademarks" shall have the meaning set forth in Section 2, Assignment and Grant of Security Interest.

2. Assignment and Grant of Security Interest.

a. Patents. The Company hereby grants, assigns, and conveys to Secured Party, for purposes of security, all right, title and interest of the Company in and to the patent applications and patents listed on the Schedule of Patents hereto, which is incorporated herein by reference, including, without limitation, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world, and all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof (collectively, the "Patents").

b. Trademarks. The Company hereby grants, assigns, and conveys to Secured Party, for purposes of security, all right, title and interest of the Company in and to the trademark applications and trademarks listed on the Schedule of Trademarks hereto, which is incorporated herein by reference, including, without limitation, all renewals thereof, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights corresponding thereto throughout the world (collectively, the "Trademarks"), and the good will of the business to which each of the Trademarks relates.

c. Copyrights. The Company hereby grants to Secured Party a security interest in all copyrights of the Company and all rights and interests of every kind of the Company in copyrights and works protectible by copyright, whether now owned or hereafter acquired or created, and all renewals and extensions thereof, and in and to the copyrights and rights and interests of every kind or nature in and to all works based upon, incorporated in, derived from, incorporating or

relating to any of the foregoing or from which any of the foregoing is derived, and all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights corresponding thereto throughout the world (collectively, the "Copyrights").

d. Trade Secrets. The Company hereby grants to Secured Party a security interest in all of the Company's trade secrets and other proprietary information, now existing or created in the future, and all proceeds thereof (collectively, the "Trade Secrets").

e. Intellectual Property. The Company hereby grants to Secured Party a security interest in all general intangibles of the Company, presently existing or hereafter created, including general intangibles as defined in the Utah Uniform Commercial Code, trademarks, service marks, business names, and goodwill relating thereto, copyrights (including, without limitation, copyrights for computer programs), whether or not published, unpatented inventions (whether or not patentable), patents, patent applications, all internet domain names and addresses, license agreements relating to any of the foregoing and all royalties and other income therefrom, books, records, computer tapes, disks and drives, flow diagrams, specification sheets, source codes, object codes, and all other physical manifestations of the foregoing, the right to sue for all past, present and future infringements of the foregoing, any and all claims for damages relating thereto, all rents, profits and issues thereof, and all proceeds thereof (collectively, the "Intellectual Property").

(The Patents, Trademarks, Copyrights, Trade Secrets, and Intellectual Property are collectively referred to herein as the "Collateral".)

The Company and Secured Party acknowledge their mutual intentions that the assignment and security interests contemplated herein are given as a contemporaneous exchange for new value to the Company, regardless of when advances to the Company are actually made or when the Collateral is acquired.

3. License Back to the Company for Patents. Unless and until there shall have occurred an event of default under this Agreement, Secured Party hereby grants to the Company the exclusive, nontransferable right and license under the Patents to make, have made for it, use and sell the inventions disclosed and claimed in the Patents for the Company's own benefit and account and for none other. The Company agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to the Company in this Section, without the prior written consent of Secured Party.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Secured Party shall execute and deliver to the Company all deeds, assignments, and other instruments as may be necessary or proper to re-vest in the Company full title to the Patents, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

4. License Back to the Company for Trademarks. Unless and until there shall have occurred an event of default under this Agreement, Secured Party hereby grants to the Company the exclusive, nontransferable right and license to use the Trademarks on and in connection with products sold by the Company and services provided by the Company, for the Company's own benefit and account and for none other. The Company agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to the Company in this Section, without the prior written consent of Secured Party.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Secured Party shall execute and deliver to the Company all deeds, assignments, and other instruments as may be necessary or proper to re-vest in the Company full title to the Trademarks, subject to any disposition thereof which may have been made by Secured Party pursuant hereto.

5. Debts Secured. The assignment and security interest granted by this Agreement shall secure all of the Company's present and future debts, obligations, and liabilities of whatever nature to Secured Party, including, without limitation, (a) the Note, (b) all obligations of the Company arising from or relating to the Investment Documents, including, without limitation, this Agreement, and (c) transactions in which the documents evidencing the indebtedness refer to this assignment and grant of security interest as providing security therefor.

The Company and Secured Party expressly acknowledge their mutual intent that the assignment and security interest created by this Agreement secure any and all present and future debts, obligations, and liabilities of the Company to Secured Party without any limitation whatsoever.

6. Location of the Company and Collateral. The Company represents and warrants that:

- a. The Company is a corporation organized and existing under the laws of the State of Utah.
- b. The Company's place of business is located in Utah County, Utah.
- c. The Company's chief executive office is located in Utah County, Utah.

The Company agrees that it will not change its state of incorporation, any of the above locations or create any new locations for such matters without giving Secured Party at least thirty (30) days prior written notice thereof.

7. Representations and Warranties Concerning Collateral. The Company represents and warrants that:

- a. The Company is the sole owner of the Collateral.

b. The Collateral is not subject to any license, security interest, lien, prior assignment, or other encumbrance of any nature whatsoever except for nonexclusive licenses granted in the ordinary course of business and Permitted Encumbrances.

c. All information set forth in the Schedules attached hereto is correct, accurate, and complete.

d. Each of the Patents is valid and enforceable. No claim has been made that the use of any of the Patents violates or may violate the rights of any person or entity. The Company has used proper statutory notice in connection with all uses of the Patents.

e. Each of the Trademarks is valid and enforceable. No claim has been made that the use of any of the Trademarks violates or may violate the rights of any person or entity. The Company has used proper statutory notice in connection with all uses of the Trademarks. The Company has used consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

f. Each of the Copyrights is valid and enforceable. No claim has been made that any of the Copyrights violates or may violate the rights of any person or entity. The Company has used proper statutory notice in connection with all uses of the Copyrights.

g. Except as set forth on the attached Schedule of Patents and Schedule of Trademarks, the Company has no right, title, or interest in, or license to use, any patents, patent applications, unpatented inventions, trademarks, or copyrights which are material to the operation and conduct of the Company's business as presently operated and conducted and as anticipated to be operated and conducted.

8. Covenants Concerning Collateral. The Company covenants that:

a. The Company will keep the Collateral free and clear of any and all security interests, liens, assignments or other encumbrances and licenses, except nonexclusive licenses granted in the ordinary course of business and Permitted Encumbrances.

b. The Company agrees to execute and deliver any financing statements and other documents (properly endorsed, if necessary) reasonably requested by Secured Party for perfection or enforcement of any security interest or lien, and to give good faith, diligent cooperation to Secured Party, and to perform such other acts reasonably requested by Secured Party for perfection and enforcement of any security interest or lien. Secured Party is authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder.

c. The Company shall promptly advise Secured Party of any material change in the composition of the Collateral, any material claim concerning the Collateral, including without limitation, the development of any new Collateral or any modification to the Collateral, any claim of infringement, any claim challenging the validity or enforceability of any Collateral, and any other event which may have a material, adverse effect upon any of the Collateral and/or the rights and remedies of Secured Party concerning the Collateral.

d. The Company shall promptly apply for a patent for all new inventions which are patentable with the United States Patent and Trademark Office and promptly advise Secured Party of the filing of the application for such patent. The Company shall use proper statutory notice in connection with all uses of the Patents.

e. The Company shall promptly register all new trademarks which are eligible for registration with the United States Patent and Trademark Office and promptly advise Secured Party of the filing of the application for such registration. The Company shall use proper statutory notice in connection with all uses of the Trademarks. The Company shall use consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

f. The Company shall promptly register all new copyrights with the United States Copyright Office and promptly advise Secured Party of the filing of the registration. The Company shall use proper statutory notice in connection with all uses of the Copyrights.

9. Patent Provisions. So long as any obligations secured by this Agreement are outstanding and unpaid, if the Company shall obtain any rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patents or any improvement on any Patent, this Agreement shall automatically apply thereto and the Company shall give Secured Party prompt notice thereof in writing.

The Company hereby authorizes Secured Party to modify this Agreement by amending the Schedule of Patents to include any future patents and patent applications of the Company.

The Company shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any patent applications currently pending or hereafter filed, to make application on unpatented but patentable inventions, and to preserve and maintain all rights in patent applications and patents, including, without limitation, payment of all maintenance fees. Any expenses incurred in connection with such actions shall be paid by the Company. The Company shall not abandon any right to file a patent application, any pending patent application, or any patent without the written consent of Secured Party.

So long as no event of default has occurred under this Agreement, the Company shall have the right, with the consent of Secured Party, to bring suit in its own name, and to join Secured Party, if necessary, as a party to such suit so long as Secured Party is satisfied that such joinder will not

subject Secured Party to any risk of liability, to enforce the Patents and any licenses thereunder. The Company shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including legal fees, incurred by Secured Party pursuant to this Section 9.

10. Trademark Provisions. The Company hereby grants Secured Party and its representatives the right to visit the Company's offices, plants, and facilities to inspect products, materials, and quality control records relating to the Trademarks at reasonable times during regular business hours upon reasonable notice and without unreasonable disruption of the Company's business. The Company shall do any and all acts requested by Secured Party to insure consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks. So long as any obligations secured by this Agreement are outstanding and unpaid, if the Company shall obtain any rights to any new Trademarks, or become entitled to the benefit of any trademark application, this Agreement shall automatically apply thereto and the Company shall give Secured Party prompt notice thereof in writing.

The Company authorizes Secured Party to modify this Agreement by amending the Schedule of Trademarks to include any future trademarks and trademark applications of the Company.

The Company shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any trademark applications currently pending or hereafter filed, to make federal application on unregistered but registerable Trademarks, to file and prosecute opposition and cancellation proceedings, and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks, including, without limitation, filing declarations and renewals of registrations. Any expenses incurred in connection with such actions shall be paid by the Company. The Company shall not abandon any Trademark or application for registration of a Trademark without the written consent of Secured Party.

So long as no event of default has occurred under this Agreement, the Company shall have the right, with the written consent of Secured Party, to bring any opposition proceedings, cancellation proceedings, or lawsuit in its own name to protect or enforce the Trademarks, and to join Secured Party, if necessary, as a party to such suit so long as Secured Party is satisfied that such joinder will not subject Secured Party to any risk of liability. The Company shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including legal fees, incurred by Secured Party pursuant to this Section 10.

11. Right to Perform for the Company. Secured Party may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax liens, security interests, or any other encumbrance upon the Collateral, perform any duty or obligation of the Company, pay filing, recording, insurance and other charges payable by the Company, or provide insurance as provided herein if the Company fails to do so. Any such payments advanced by Secured Party shall be repaid by the Company upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

The Company hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party, as Secured Party may select in its exclusive discretion, as the Company's true and lawful attorney-in-fact, with the power to endorse the Company's name on all applications, documents, papers and instruments necessary for Secured Party to use, preserve, or protect the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third person, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any third person, provided, however, that such power may not be exercised prior to the occurrence of an event of default hereunder. The Company hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable so long as any obligations secured hereby are outstanding and unpaid.

12. Default. Time is of the essence of this Agreement. The occurrence of any of the following events shall constitute a default under this Agreement:

- a. Any representation or warranty made by or on behalf of the Company in this Agreement is materially false or materially misleading when made;
- b. The Company fails in the payment or performance of any obligation, covenant, agreement or liability arising from or related to this Agreement; or
- c. An Event of Default occurs.

Any default under this Agreement (other than an Event of Default, which shall be subject to the notice and cure periods set forth in the Purchase Agreement) shall be subject to Secured Party first giving the Company notice of such default and the Company shall have thirty (30) days from the date of giving such notice to cure such default. If the default is cured within said thirty day period then Secured Party may not exercise any rights or remedies based upon that default.

No course of dealing or any delay or failure to assert any default shall constitute a waiver of that default or of any prior or subsequent default.

13. Remedies. Upon the occurrence of any default by the Company under this Agreement, Secured Party shall have the following rights and remedies, in addition to all other rights and remedies existing at law, in equity, or by statute or provided in the Investment Documents:

- a. Secured Party shall have all the rights and remedies available under the Uniform Commercial Code;
- b. Secured Party shall have the right to enter upon any premises where the Collateral or records relating thereto may be and take possession of the Collateral and such records;

c. Upon request of Secured Party, the Company shall, at the expense of the Company, assemble the Collateral and records relating thereto at a place designated by Secured Party and tender the Collateral and such records to Secured Party;

d. The Company's license under the Patents shall terminate upon notice from Secured Party;

e. The Company's license to use the Trademarks shall terminate upon notice from Secured Party;

f. Without notice to the Company, Secured Party may obtain the appointment of a receiver of the business, property and assets of the Company and the Company hereby consents to the appointment of Secured Party or such person as Secured Party may designate as such receiver; and

g. Secured Party may sell, lease or otherwise dispose of any or all of the Collateral and, after deducting the Liquidation Costs, apply the remainder to pay, or to hold as a reserve against, the obligations secured by this Agreement.

The Company shall be liable for all deficiencies owing on any obligations secured by this Agreement after liquidation of the Collateral. Secured Party shall not have any obligation to prepare any Collateral for sale, lease or other disposition.

The rights and remedies herein conferred are cumulative and not exclusive of any other rights and remedies and shall be in addition to every other right, power and remedy herein specifically granted or hereafter existing at law, in equity, or by statute which Secured Party might otherwise have, and any and all such rights and remedies may be exercised from time to time and as often and in such order as Secured Party may deem expedient. No delay or omission in the exercise of any such right, power or remedy or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver thereof or of any default or to be an acquiescence therein.

In the event of breach or default under the terms of this Agreement, the Company agrees to pay all reasonable costs and expenses, including reasonable attorneys fees and legal expenses, incurred by or on behalf of Secured Party in enforcing, or exercising any remedies under, this Agreement, and any other rights and remedies. Additionally, the Company agrees to pay all Liquidation Costs. Any and all such costs, expenses, and Liquidation Costs shall be payable by the Company upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the Default Rate.

Regardless of any breach or default, the Company agrees to pay all reasonable expenses, including reasonable attorneys fees and legal expenses, incurred by Secured Party in any bankruptcy proceedings of any type involving the Company, the Collateral, or this Agreement, including,

without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral, or relating to any plan of reorganization.

14. Notices. All notices or demands by any party hereto shall be in writing and shall be sent as provided in the Purchase Agreement.

15. Indemnification. The Company shall indemnify Secured Party for any and all claims and liabilities, and for damages which may be awarded or incurred by Secured Party and for all reasonable attorneys fees, legal expenses, and other out-of-pocket expenses incurred in defending such claims, arising from or related in any manner to the negotiation, execution, or performance by Secured Party of this Agreement, but excluding any claims and liabilities based upon breach or default by Secured Party under this Agreement or upon the gross negligence or willful misconduct of Secured Party. Secured Party shall have the sole and complete control of the defense of any such claims. Secured Party is hereby authorized to settle or otherwise compromise any such claims as Secured Party in good faith determines shall be in its best interests.

16. General. This Agreement is made for the sole and exclusive benefit of the Company and Secured Party and is not intended to benefit any third party. No such third party may claim any right or benefit or seek to enforce any term or provision of this Agreement.

In recognition of Secured Party's right to have all its reasonable attorneys fees and expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of the obligations secured by the Collateral, Secured Party shall not be required to release, reconvey, or terminate any security interest in the Collateral unless and until the Company and all Guarantors have executed and delivered to Secured Party general releases in form and substance satisfactory to Secured Party.

Secured Party and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to the Company or Guarantor for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with or relating to this Agreement or the Collateral.

If the incurring of any debt by the Company or the payment of any money or transfer of property to Secured Party by or on behalf of the Company or Guarantor should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Secured Party is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Secured Party's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Secured Party related thereto, the liability of the Company and Guarantor, and each of them, and this Agreement, shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

All references in this Agreement to the singular shall be deemed to include the plural if the context so requires and vice versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

Two or more duplicate originals of this Agreement may be signed by the parties, each duplicate of which shall be an original but all of which shall constitute one and the same Agreement.

All agreements, representations, warranties and covenants made by the Company shall survive the execution and delivery of this Agreement, the filing and consummation of any bankruptcy proceedings, and shall continue in effect so long as any obligation to Secured Party contemplated by this Agreement is outstanding and unpaid, notwithstanding any termination of this Agreement. All agreements, representations, warranties and covenants in this Agreement shall bind the party making the same and its heirs and successors, and shall be to the benefit of and be enforceable by each party for whom made and their respective heirs, successors and assigns.

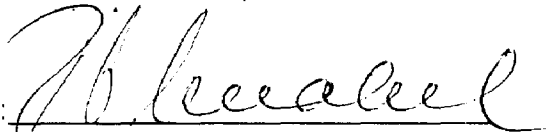
[remainder of page intentionally left blank]

This Agreement, together with the Investment Documents, constitute the entire agreement between the Company and Secured Party as to the subject matter hereof and may not be altered or amended except by written agreement signed by the Company and Secured Party. All other prior and contemporaneous agreements, arrangements, and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Dated: September 27, 2000

Secured Party:

Amstel Investments, LLC

By: 

Rockwell A. Schnabel
Managing Member

The Company:

AZ Acquisition Corp.

By: _____

Name: _____

Title: _____

This Agreement, together with the Investment Documents, constitute the entire agreement between the Company and Secured Party as to the subject matter hereof and may not be altered or amended except by written agreement signed by the Company and Secured Party. All other prior and contemporaneous agreements, arrangements, and understandings between the parties hereto as to the subject matter hereof are, except as otherwise expressly provided herein, rescinded.

Dated: September 27, 2000

Secured Party:

Amstel Investments, LLC

By: _____
Rockwell A. Schnabel
Managing Member

The Company:

AZ Acquisition Corp.

By: Jerry L. Hansen Jr.
Name: Jerry L. Hansen Jr.
Title: President

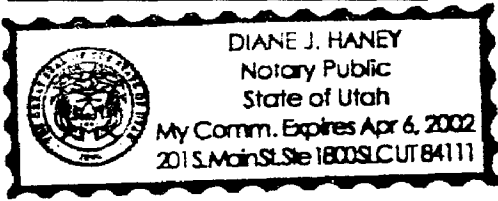
CERTIFICATE OF ACKNOWLEDGMENT

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 27th day of September, 2000, personally appeared Derry J. Hansen Jr. to me known personally, and who, being by me duly sworn, deposes and says that he/she is the President of AZ Acquisition Corp., the Company in the foregoing Collateral Assignment and Security Agreement, and that said instrument was signed and sealed on behalf of said Company, and said President acknowledged said instrument to be the free act and deed of said the Company.

Diane J. Haney
NOTARY PUBLIC
Residing at: Salt Lake, Utah

My Commission Expires:



SCHEDULE OF PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing Date	Status
Pavement Grinder and Trench Opening Mill and Method	68,776	U.S.A.	5,388,893	June 1, 1993	Issued February 14, 1995

::ODMA\MHODMA\CMDOCS;101663;3

TRADEMARK
REEL: 002161 FRAME: 0687

SCHEDULE OF TRADEMARKS

Trademark Description	Country	Serial No.	Registration No.	Status
ASPHALT ZIPPER	U.S.A.	75-305,068	2,185,684	Registered
CYCLOMILL and Design	U.S.A.	75-401,404	2,266,431	Registered
ASPHALT ZIPPER	Utah		2522916-0190	Registered

::ODMA\MHODMA\CMDOCS;101663;3