

10-10-2001



101868577

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

10-1-01

10-10-01

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  Effective Date  
Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name Athletic Specialties, Inc.

Execution Date  
Month Day Year  
11/12/99

Formerly

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

Receiving Party

Mark if additional names of receiving parties attached

Name FINOVA Mezzanine Capital Inc.

DBA/AKA/TA

Composed of

Address (line 1) 500 Church Street, Suite 200

Address (line 2)

Address (line 3) Nashville

TN

37219

- Individual  General Partnership  Limited Partnership

- Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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

10/10/2001 DBYRNE 00000153 76029468

01 FC:481  
02 FC:482

40.00 OP  
25.00 OP

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

**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

615/256-9886

Name

Philip S. Clark, Esq.

Address (line 1)

FINOVA Mezzanine Capital Inc. - Legal Dept.

Address (line 2)

500 Church ST.

Address (line 3)

Suite 200

Address (line 4)

Nashville, TN 37219

**Pages**

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

#

12

**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)

76029468		
09/580,077		


**Number of Properties**

Enter the total number of properties involved.

#

2

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

65.00

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:

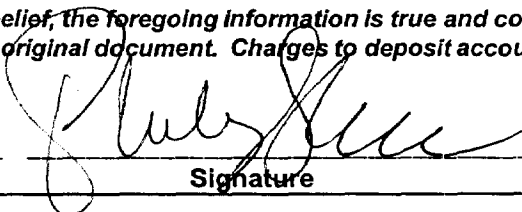
Yes

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.

Philip S. Clark



10/1/01

Name of Person Signing

Signature

Date Signed

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made as of the 12<sup>th</sup> day of November, 1988, by and between ATHLETIC SPECIALTIES, INC., an Illinois corporation ("Borrower"), and AVA MEZZANINE CAPITAL INC., a Tennessee corporation ("Lender").

### RECITALS:

WHEREAS, Lender is making a loan (the "Loan") in the amount of \$1,700,000 to Borrower, pursuant to that certain Loan Agreement of even date herewith by and between Borrower and Lender, as it may be amended, modified or extended from time to time (the "Loan Agreement"); and

WHEREAS, in connection with the making of the Loan, Lender desires to obtain from Borrower and Borrower desires to grant to Lender a security interest in certain collateral more particularly described below.

### AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Grant of Security Interest. Borrower hereby grants to Lender a security interest in the following described property (collectively, the "Collateral"):

(a) presently existing and hereafter arising accounts, contract rights, and all other claims or obligations owing to Borrower arising out of the sale or lease of goods or the rendition of services by Borrower, whether or not earned by performance, and any and all proceeds of insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing (collectively, "Accounts");

(b) present and future general intangibles and other personal property (including choses in action, goodwill, patents, trade names, trademarks, servicemarks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, monies due under any royalty or licensing agreements, management claims, computer programs, computer discs, computer tapes, literature, reports, bank accounts, savings deposit accounts, insurance premium rebates, tax refunds, and tax refund claims) other than goods and Accounts, and Borrower's Books relating to any of the foregoing (collectively, "General Intangibles");

(c) present and future letters of credit, notes, drafts, instruments, certificated and uncertificated securities, documents, leases, and chattel paper, and Borrower's Books relating to any of the foregoing (collectively, "Negotiable Collateral");

(d) present and future inventory in which Borrower has any interest, including goods held for sale or lease or to be furnished under a contract of service and all of Borrower's present and future raw materials, work in process, finished goods, and packing and shipping materials, wherever located, and any documents of title representing any of the above, and Borrower's Books relating to any of the foregoing (collectively, "Inventory");

(e) present and hereafter acquired machinery, machine tools, motors, equipment, furniture, furnishings, fixtures, vehicles (including motor vehicles and trailers), tools, parts, dies, jigs, goods (other than consumer goods or farm products), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located (collectively, "Equipment");

(f) books and records including: ledgers; records indicating, summarizing, or evidencing Borrower's assets or liabilities, or the collateral; all information relating to Borrower's business operations or financial condition; and all computer programs, disc or tape files, printouts, funds or other computer prepared information, and the equipment containing such information (collectively, "Borrower's Books");

(g) present and hereafter acquired securities (whether certificated or uncertificated), securities accounts, commodity contracts and accounts, securities entitlements and other investment property (collectively "Investment Property");

(h) substitutions, replacements, additions, accessions, proceeds, products to or from any of the foregoing, including, but not limited to, proceeds of insurance covering any of the foregoing, or any portion thereof, and any and all Accounts, General Intangibles, Negotiable, Collateral, Inventory, Equipment, money, deposits, accounts, or other tangible or intangible property resulting from the sale or other disposition of the Accounts, General Intangibles, Negotiable Collateral, Inventory, Equipment, or any portion thereof or interest therein and the proceeds thereof.

2. Secured Indebtedness. The security interest granted hereby shall secure the prompt payment of the Obligations (as defined in the Loan Agreement) and the prompt performance of each of the covenants and duties under the Loan Documents (as defined in the Loan Agreement).

3. Representations and Warranties of Borrower. Borrower represents, warrants and agrees as follows:

(a) Except for the Permitted Liens (as defined in the Loan Agreement) or on

Article 3(a) hereto, Borrower is the owner of the Collateral free and clear of any liens and security interests. Borrower will defend the Collateral against the claims and demands of all persons other than the holders of the Permitted Liens.

(b) The address set forth on Schedule 3(b) hereto is Borrower's principal place(s) of business and the location of all tangible Collateral and the place where the records concerning all intangible Collateral are kept and/or maintained and Schedule 3(b) also sets forth other addresses at which de minimus amounts of Collateral are maintained.

(c) Borrower will pay all costs of filing of financing, continuation and termination statements with respect to the security interests created hereby, and Lender is authorized to do all things that it deems necessary to perfect and continue perfection of the security interests created hereby and to protect the Collateral.

Agreements With Respect to the Collateral. Borrower covenants and agrees with Lender as follows:

(a) Borrower will not permit any of the Collateral to be removed from the location specified herein (the "Permitted Collateral Locations"), except for (i) temporary removals in the normal and customary use thereof, (ii) Inventory with an aggregate book value not exceeding \$10,000 at any one time outstanding and located at a location other than a Permitted Collateral Location, (iii) Inventory in transit to a Permitted Collateral Location, and (iv) as permitted under subsection (e) hereof, without the prior written consent of Lender.

(b) Borrower shall notify Lender in writing of any change in the location of Borrower's principal place of business (or residence) or the location of any tangible Collateral or the place(s) where the records concerning all intangible Collateral are kept or maintained.

(c) Borrower will keep the Collateral in good condition and repair (ordinary wear and tear excepted) and will pay and discharge all taxes, levies and other impositions levied thereon as well as the cost of repairs to or maintenance of same, and will not permit anything to be done that may impair in any material respect the value of any of the Collateral. If Borrower fails to pay such sums, Lender may do so for Borrower's account and add the amount thereof to the Obligations.

(d) Until the occurrence and continuance of an Event of Default, Borrower shall be entitled to possession of the Collateral and to use the same in any lawful manner, provided that such use does not cause excessive wear and tear to the Collateral, cause it to decline in value at an excessive rate, or violate the terms of any policy of insurance thereon.

(e) Borrower will not sell, exchange, lease or otherwise dispose of any of the

Collateral or any interest therein without the prior written consent of Lender, provided, however, the Borrower may replace or sell obsolete or worn out equipment, and may dispose of other Collateral in an amount not to exceed \$10,000. Notwithstanding the foregoing, so long as an Event of Default does not exist, Borrower shall have the right to process and sell Borrower's inventory in the regular course of business. Lender's security interest hereunder shall attach to all proceeds of all sales or other dispositions of the Collateral. If at any time any such proceeds shall be represented by any instruments, chattel paper or documents of title, then such instruments, chattel paper or documents of title shall be promptly delivered to Lender and subject to the security interest granted hereby. If at any time any of Borrower's inventory is represented by any document of title, such document of title will be delivered promptly to Lender and subject to the security interest granted hereby.

(f) Borrower will not allow the Collateral to be attached to real estate in such manner as to become a fixture or a part of any real estate.

(g) Borrower will at all times keep the Collateral insured against all insurable hazards in amounts equal to the full cash value of the Collateral. Such insurance shall be in such companies as may be acceptable to Lender, with provisions satisfactory to Lender for payment of all losses thereunder to Lender as its interests may appear. If required by Lender, Borrower shall deposit the policies with Lender. Any money received by Lender under said policies may be applied to the payment of the Obligations, whether or not due and payable, or at Lender's option may be delivered by Lender to Borrower for the purpose of repairing or restoring the Collateral. Borrower assigns to Lender all right to receive proceeds of insurance not exceeding the amounts secured hereby, directs any insurer to pay all proceeds directly to Lender, and appoints Lender Borrower's attorney-in-fact to endorse any draft or check made payable to Borrower in order to collect the benefits of such insurance. If Borrower fails to keep the Collateral insured as required by Lender, Lender shall have the right to obtain such insurance at Borrower's expense and add the cost thereof to the Obligations. Unless the Borrower provides the Lender with evidence of the insurance coverage required by this Agreement, the Lender may purchase insurance at the Borrower's expense to protect the Lender's interests in the Collateral. This insurance may, but need not, protect the Borrower's interests. The coverage that the Lender purchases may not pay any claim that the Borrower may make or any claim that is made against any Borrower in connection with the Collateral. The Borrower may later cancel any insurance purchased by the Lender, but only after providing the Lender with evidence that the Borrower has obtained insurance as required by this Agreement. If the Lender purchases insurance for the Collateral, the Borrower will be responsible for the costs of that insurance, including interest and any other charges that may be imposed in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance the Borrower may be able to obtain on their own.

(h) Borrower will not permit any liens or security interests other than those

created by this Agreement and the Permitted Encumbrances to attach to any of the Collateral, nor permit any of the Collateral to be levied upon under any legal process, nor permit anything to be done that may impair the security intended to be afforded by this Agreement, nor permit any tangible Collateral to become attached to or commingled with other goods without the prior written consent of Lender.

5. Remedies Upon Default. Upon occurrence and continuance of an Event of Default and as defined in the Loan Agreement, Lender may pursue any or all of the following remedies, without any notice to Borrower except as required below:

(a) Lender may give written notice of default to Borrower, following which Borrower shall not dispose of, conceal, transfer, sell or encumber any of the Collateral (including, but not limited to, cash proceeds) without Lender's prior written consent, even if such disposition is otherwise permitted hereunder in the ordinary course of business. Any such disposition, concealment, transfer or sale after the giving of such notice shall constitute a wrongful conversion of the Collateral. Lender may obtain a temporary restraining order or other equitable relief to enforce Borrower's obligation to refrain from so impairing Lender's Collateral.

(b) Lender may take possession of any or all of the Collateral. Borrower hereby consents to Lender's entry into any of Borrower's premises to repossess Collateral, and specifically consents to Lender's forcible entry thereto as long as Lender causes no significant damage to the premises in the process of entry (frilling of locks, cutting of chains and the like do not in themselves cause "significant" damage for the purposes hereof) and provided that Lender accomplishes such entry without a breach of the peace.

(c) Lender may dispose of the Collateral at private or public sale. Any required notice of sale shall be deemed commercially reasonable if given at least ten (10) days prior to sale. Lender may adjourn any public or private sale to a different time or place without notice or publication of such adjournment, and may adjourn any sale either before or after offers are received. The Collateral may be sold in such lots as Lender may elect, in its sole discretion. Lender may take such action as it may deem necessary to repair, protect, or maintain the Collateral pending its disposition.

(d) Lender may recover any or all proceeds of accounts from any bank or other custodian who may have possession thereof. Borrower hereby authorizes and directs all custodians of Borrower's assets to comply with any demand for payment made by Lender pursuant to this Agreement, without the need of confirmation from Borrower and without making any inquiry as to the existence of an Event of Default or any other matter. Lender may engage a collection agent to collect accounts for a reasonable percentage commission or for any other reasonable compensation arrangement.

(e) Lender may notify any or all account debtors that subsequent payments must

be made directly to Lender or its designated agent. Such notice may be made over Lender's signature or over Borrower's name with no signature or both, in Lender's discretion. Borrower hereby authorizes and directs all existing or future account debtors to comply with any such notice given by Lender, without the need of confirmation from Borrower and without making any inquiry as to the existence of an Event of Default or as to any other matter.

(f) Lender may, but shall not be obligated to, take such measures as Lender may deem necessary in order to collect any or all of the accounts. Without limiting the foregoing, Lender may institute any administrative or judicial action that it may deem necessary in the course of collecting and enforcing any or all of the accounts. Any administrative or judicial action or other action taken by Lender in the course of collecting the accounts may be taken by Lender in its own name or in Borrower's name. Lender may compromise any disputed claims and may otherwise enter into settlements with account debtors or obligors under the accounts, which compromises or settlements shall be binding upon Borrower. Lender shall have no duty to pursue collection of any account, and may abandon efforts to collect any account after such efforts are initiated.

(g) Lender may, with respect to any account involving uncompleted performance by Borrower, and with respect to any general intangible or other Collateral whose value may be preserved by additional performance on Borrower's part, take such action as Lender may deem appropriate including, but not limited, to performing or causing the performance of any obligation of Borrower thereunder, the making of payments to prevent defaults thereunder, and the granting of adequate assurances to other parties thereto with respect to future performance. Lender's action with respect to any such accounts or general intangibles shall not render Lender liable for further performance thereunder unless Lender so agrees in writing.

(h) Lender may exercise its lien upon and right of setoff against any monies, items, credits, deposits or instruments that Lender may have in its possession and that belong to Borrower or to any other person or entity liable for the payment of any or all of the Obligations.

(i) Lender may exercise any right that it may have under any other document evidencing or securing the Obligations or otherwise available to Lender at law or equity.

6. Audits and Examinations. Lender shall have the right, at any time, by its own agents, accountants or other agents, to examine or audit any of the books and records of Borrower, and Collateral, all of which will be made available upon request. Such accountants or other representatives of Lender will be permitted to make any verification of the existence of the Collateral and the accuracy of the records that Lender deems necessary or proper. Any reasonable expenses incurred by Lender in making such examination, inspection, verification or audit shall be paid by Borrower promptly on demand and shall constitute part of the Obligations. In the absence of an Event of



... shall, not more than one (1) such inspection shall be at Borrower's expense during any twelve (12) month period.

7. Termination Statement. Upon receipt of proper written demand following the termination of the Obligations and termination of any commitment of Lender to make any future advances to Borrower, Lender at its option, shall send a termination statement with respect to any financing statement filed to perfect Lender's security interests in any of the Collateral to Borrower and cause such termination statement to be filed with the appropriate filing officer(s).

8. Power of Attorney. Borrower hereby constitutes Lender or its designee, as Borrower's attorney-in-fact with power, upon the occurrence and during the continuance of an Event of Default, to endorse Borrower's name upon any notes, acceptances, checks, drafts, money orders, and other evidences of payment or Collateral that may come into either its or Lender's possession; to sign the name of Borrower on any invoice or bill of lading relating to any of the accounts receivable, and to sign against customers, assignments and verifications of accounts receivable and notices to customers; to send verifications of accounts receivable; to notify the Post Office authorities to change the address for delivery of mail addressed to Borrower to such address as Lender may designate; to execute any of the documents referred to in Section 3(c) hereof in order to perfect and maintain the security interests and liens granted herein by Borrower to Lender; to do all other acts and things necessary to carry out the purposes of and remedies provided under this Agreement. The acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of commission or omission (other than acts of gross negligence or willful misconduct), nor for any error of judgment or mistake of fact or law. This power being coupled with an interest is irrevocable until all of the Obligations are paid in full and any and all promissory notes executed in connection therewith are terminated and satisfied.

9. Binding Effect. This Agreement shall inure to the benefit of Lender's successors and assigns and shall bind Borrower's heirs, representatives, successors and assigns.

10. Severability. If any provision of this Agreement is held invalid, such invalidity shall not affect the validity or enforceability of the remaining provisions of this Agreement.

11. Governing Law and Amendments. This Agreement shall be construed and enforced under the laws of the State of Arizona applicable to contracts to be wholly performed in such State. Any amendment or modification hereof shall be effective except in a writing executed by each of the parties hereto.

12. Survival of Representations and Warranties. All representations and warranties contained herein or made by or furnished on behalf of Borrower in connection herewith shall survive the execution and delivery of this Agreement.

13. Counterparts. This Agreement may be executed in any number of counterparts and different parties to this Agreement in separate counterparts, each of which when so executed shall

emed to be an original and all of which taken together shall constitute one and the same  
ment.

14. Construction and Interpretation. Should any provision of this Agreement require  
al interpretation, the parties hereto agree that the court interpreting or construing the same shall  
ply a presumption that the terms hereof shall be more strictly construed against one party by  
of the rule of construction that a document is to be more strictly construed against the party  
self or through its agent prepared the same, it being agreed that Borrower, Lender and their  
ective agents have participated in the preparation hereof.

15. Consent to Jurisdiction; Exclusive Venue. Borrower hereby irrevocably consents to  
isdiction of any United States District Court and of all Arizona state courts sitting in Maricopa  
y, Arizona for the purpose of any litigation to which Lender may be a party and which  
rns this Agreement or the Obligations. It is further agreed that venue for any such action shall  
clusively with courts sitting in Maricopa County, Arizona, unless Lender agrees to the contrary  
ting.

16. Waiver of Trial by Jury. LENDER AND BORROWER HEREBY KNOWINGLY  
VOLUNTARILY WITH THE BENEFIT OF COUNSEL WAIVE TRIAL BY JURY IN ANY  
IONS, PROCEEDINGS, CLAIMS OR COUNTER-CLAIMS, WHETHER IN CONTRACT  
ORT OR OTHERWISE, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY  
YING TO THIS AGREEMENT OR THE LOAN DOCUMENTS.

17. Subordination. Borrower, Lender, Stephen Grant, Cheryl Grant, and Harris Trust and  
gs Bank (the "Senior Lender") have entered into a certain Intercreditor and Collateral  
ordination Agreement of even date herewith (the "Subordination Agreement"). The Borrower  
ne Lender hereby acknowledge and agree that, subject to the terms of the Subordination  
ement, (i) any lien or security interest now or hereafter existing in and to the Collateral or any  
hereof in favor of the Borrower is and at all times shall be and remain junior and subordinate  
l respects to the security interest now held by the Senior Lender in the Collateral,  
withstanding the time of the attachment or perfection of any lien or security interest, the time that  
um secured by the Collateral may be advanced, or any other priority provided by law or by any  
agreement or otherwise; and (ii) the exercise of Lender's rights hereunder are subject to the  
visions of the Subordination Agreement. The Borrower and the Lender acknowledge that the  
Lender is relying on the foregoing in extending credit to Debtor.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement, or have  
this Agreement to be executed as of the date first above written.

**BORROWER:**

ATHLETIC SPECIALTIES, INC.  
an Illinois corporation

By: Greg D. Bennett  
Title: President

**LENDER:**

FINOVA MEZZANINE CAPITAL INC.  
a Tennessee corporation

By: [Signature]  
Title: Vice President - Credit

**SCHEDULE 3(a)**

**PERMITTED ENCUMBRANCES**

Security interest granted to Harris Trust and Savings Bank in connection with the Credit Agreement dated as of November 12, 1999.

Security interest granted to Steve and Cheryl Grant in connection with the Stock Purchase Agreement dated as of November 12, 1999.

All liens of the type set forth in Section 8.8 of the Credit Agreement dated as of November 12, 1999 between the Borrower and Harris Trust and Savings Bank.

**SCHEDULE 3(b)**

**PRINCIPAL PLACE(S) OF BUSINESS  
AND LOCATIONS OF COLLATERAL**

Places of Business (including Debtor's chief executive office and principal place of business):

**ADDRESS**

240 Industrial Drive  
Wauconda, IL 60084

Permitted Collateral Locations:

**ADDRESS**

Athletic Specialties, Inc.  
240 Industrial Drive  
Wauconda, IL 60084

Steff Ind.  
27125 Beechcraft  
Punta Gorda, FL 33982

Sports Quip  
106 Glen Hill  
Hendersonville, TN 37075

Riddell, Inc.  
N. Milwaukee Avenue  
Chicago, IL 60641

Brian Merrill Sports  
2711 Western Avenue  
Seattle, WA 98121

Exhibit A

Registration application serial no. 76029468 for the mark ATHLETIC SPECIALITIES, INC. AND DESIGN filed with the United States Patent and Trademark Office on April 18, 2000.

Registration application serial no. 09/580,077 for protective chinstrap for helmets filed with the United States Patent and Trademark Office on May 30, 2000.