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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): PTI Acquisition Ltd. 12-16-02
Individual(s) Association
General Partnership Limited Partnership
Corporation-State Nova Scotia
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: American Capital Financial Services Internal Inc.
Address:
Street Address: 2 Bethesda Metro Center 14th Floor
City: Bethesda State: MD Zip: 20814
Individual(s) citizenship
Association
General Partnership
Limited Partnership
Corporation-State Delaware
Other
If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
Assignment Merger
Security Agreement Change of Name
Other License Security Agreement
Execution Date: November 8, 2002

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s) 2,015,342 1,357,626
Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Paul C. Jorgensen
Internal Address:
Street Address: Patton Boggs LLP
2550 M Street, N.W.
City: Washington State: DC Zip: 20037

6. Total number of applications and registrations involved: 2
7. Total fee (37 CFR 3.41): \$ 65.00
Enclosed
Authorized to be charged to deposit account
8. Deposit account number: 500-709
(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.
Paul C. Jorgensen
Name of Person Signing
Signature
Date 12/16/02
Total number of pages including cover sheet, attachments, and document: 13

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

TRADEMARK REEL: 002634 FRAME: 0574

12/17/2002 MUELLER 0000182 500709 2015342 40.00 CH 25.00 CH

## TRADEMARK AND LICENSE SECURITY AGREEMENT

TRADEMARK AND LICENSE SECURITY AGREEMENT ("Agreement") dated as of November 8, 2002, made by PTI Acquisition Ltd. ("Grantor"), a Nova Scotia Corporation, in favor of AMERICAN CAPITAL FINANCIAL SERVICES, INC., a Delaware corporation association, as agent (the "Agent") for the lenders ("Lenders") who are parties with others to that certain note and equity purchase agreement of even date herewith (as the same may hereafter be amended or otherwise modified from time to time, the "Credit Agreement") by and among Grantor, Lenders, Agent and others.

### WITNESSETH:

WHEREAS, Lenders, Agent, Grantor and others have entered into the Credit Agreement pursuant to which Lenders have, subject to certain conditions precedent, agreed to make loans, advances and other financial accommodations (collectively, the "Loans") to Grantor; and

WHEREAS, Lenders have required as a condition, among others, to the making of the Loans, in order to secure the prompt and complete payment, observance and performance of all of Grantor's obligations and liabilities hereunder, under the Credit Agreement, and under all of the other instruments, documents and agreements executed and delivered by Grantor to Agent in connection with the Credit Agreement (all such obligations and liabilities being hereinafter referred to collectively as the "Obligations"), that Grantor execute and deliver this Agreement to Agent for its benefit and the ratable benefit of Lenders.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees as follows:

1. Defined Terms.

- (i) Unless otherwise defined herein, the capitalized terms used herein which are defined in the Credit Agreement shall have the meanings specified in the Credit Agreement.
- (ii) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and schedule references are to this Agreement unless otherwise specified.
- (iii) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, Grantor hereby grants to Agent for its benefit and the ratable benefit of Lenders, a first priority security interest having priority over all

other security interests, with power of sale to the extent permitted by applicable law, in all of Grantor's now owned or existing and filed and hereafter acquired or arising and filed:

- (i) trademarks, registered trademarks and trademark applications, trade names, service marks, registered service marks and service mark applications including, without limitation, the registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule A attached hereto, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, and (d) all of Grantor's rights corresponding thereto throughout the world (all of the foregoing registered trademarks, trademark applications, registered service marks and service mark applications, together with the items described in clauses (a)-(d) in this Section 2(i), being sometimes hereinafter individually and/or collectively referred to as the "Trademarks");
- (ii) the goodwill of Grantor's business connected with and symbolized by the Trademarks; and
- (iii) license agreements with any other party in connection with any Trademarks or such other party's trademarks, registered trademarks and trademark applications, trade names, service marks, registered service marks and service mark applications, whether Grantor is licensor or licensee under any such license agreement, including, but not limited to, the license agreements listed on Schedule A attached hereto, and the right upon the occurrence and during the continuance of an Event of Default to use the foregoing in connection with the enforcement of Agent's rights under the Credit Agreement (all of the foregoing being hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 2, the Licenses shall not include any license agreement which by its terms prohibits the grant of the security interest contemplated by this Agreement.

3. Restrictions on Future Agreements. After the date hereof, Grantor will not, without the prior written consent of Agent (such consent not to be unreasonably withheld), enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Grantor further agrees that it will not take any action, and will use its commercially reasonable efforts not to permit any action to be taken by licensees or others subject to its control, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to Agent under this Agreement or the rights associated with those Trademarks which are necessary or desirable in the operation of Grantor's business.

4. New Trademarks. Grantor represents and warrants that the Trademarks and Licenses listed on Schedule A, respectively, include all of the trademarks, trademark registrations, trademark applications, trade names (used within the last three years), service marks, service mark registrations, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, trade names, service marks, registered service marks and service mark applications now owned or held by Grantor. If, prior to the termination of this Agreement, Grantor shall (i) obtain rights to any new trademarks, trademark registrations, trademark applications, trade names, service marks, service mark registrations, service mark applications or license agreements in connection with trademarks, registered trademarks, trademark applications, trade names, service marks, registered service marks or service mark applications or (ii) become entitled to the benefit of any trademark, trademark registration, trademark application, trade name, service mark, service mark registration or service mark application, the provisions of Section 2 shall automatically apply thereto and Grantor shall give to Agent prompt written notice thereof. Grantor hereby authorizes Agent to modify this Agreement by (a) amending Schedule A, as the case may be, to include any future trademarks, trademark registrations, trademark applications, trade names, service marks, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, service marks, service mark registrations, service mark applications and trade names that are Trademarks or Licenses under Section 2, or under this Section 4, and (b) filing, in addition to and not in substitution for, this Agreement, a duplicate original of this Agreement containing on Schedule A thereto, as the case may be, such future trademarks, trademark applications, trade names, service marks, service mark applications and license agreements in connection with trademarks, registered trademarks, trademark applications, service marks, registered service marks, service mark applications and trade names which are Trademarks or Licenses under Section 2 or this Section 4.

5. Royalties. Grantor hereby agrees that the use by Agent of the Trademarks and Licenses as authorized pursuant to Section 11 shall be, to the extent permitted by applicable law, coextensive with Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Agent to Grantor.

6. Nature and Continuation of Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and Licenses and shall remain in full force and effect until the Obligations have been paid in full and the Credit Agreement terminated in accordance with its terms. At such time, the rights granted to Agent hereunder shall also terminate and Agent shall deliver to Grantor all such documents and instruments as may reasonably be necessary to terminate the Liens created pursuant to this Agreement and to evidence such termination, including, without limitation, the rights granted under Section 21.

7. Further Assignments and Security Interests. From and after the occurrence and during the continuance of an Event of Default, and subject to the terms of the Credit Agreement, Grantor agrees that Agent or a conservator appointed by Agent, shall have the right to establish such reasonable additional product quality controls as Agent or such conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks. Grantor agrees (i) except as provided in the Security Agreement, not to sell or assign its respective interests in, or grant any license under, the

Trademarks or the Licenses without the prior written consent of Agent, such consent not to be unreasonably withheld, (ii) use reasonable efforts to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of said products as of the date hereof, and (iii) not to change the quality of such products in any material adverse respect without the prior written consent of Agent, such consent not to be unreasonably withheld.

8. Duties of Grantor. Grantor shall have the duty, to the extent desirable in the normal conduct of Grantor's business and consistent with Grantor's current business practices (i) to use reasonable efforts to prosecute diligently any trademark applications or service mark applications that are part of the Trademarks pending as of the date hereof or thereafter until the termination of this Agreement, (ii) to make applications for trademarks and service marks as Grantor deems appropriate, and (iii) to take reasonable steps to preserve and maintain all of Grantor's rights in the trademark applications, service mark applications and trademark and service mark registrations that are part of the Trademarks. Any expenses incurred in connection with the foregoing shall be borne by Grantor. Grantor shall not abandon any material trademark or service mark which is the subject of a registered trademark, service mark or application therefor and which is or shall be necessary or economically desirable, in the Grantor's reasonable judgment, in the operation of the Grantor's business. Grantor agrees to retain an experienced trademark attorney for the filing and prosecution of all such applications and other proceedings. Agent shall not have any duty with respect to the Trademarks. Without limiting the generality of the foregoing, Agent shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks and Licenses against any other parties, but may do so at its option during the continuance of an Event of Default, and all reasonable expenses incurred in connection therewith shall be for the sole account of Grantor and added to the Obligations secured hereby.

9. Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, and subject to the terms of the Credit Agreement, Agent shall have the right, but shall not be obligated, to bring suit to enforce the Trademarks and the Licenses and, if Agent shall commence any such suit, Grantor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents reasonably required by Agent in aid of such enforcement. Grantor shall, upon demand, promptly reimburse and indemnify Agent for all reasonable costs and expenses incurred by Agent in the exercise of its rights under this Section 9 (including, without limitation, all reasonable attorneys' and paralegals' fees). If, for any reason whatsoever, Agent is not reimbursed with respect to the costs and expenses referred to in the preceding sentence, such costs and expenses shall be added to the Obligations secured hereby.

10. Waivers. No course of dealing between Grantor and Agent, and no failure to exercise or delay in exercising on the part of Agent any right, power or privilege hereunder or under the Credit Agreement shall operate as a waiver of any of Agent's rights, powers or privileges. No single or partial exercise of any right, power or privilege hereunder or under the Credit Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Agent's Exercise of Rights and Remedies Upon Event of Default. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon

the occurrence and during the continuance of an Event of Default, Agent may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement, or any other agreement executed in connection therewith. Without limiting the generality of the foregoing, Grantor acknowledges and agrees that (i) the Trademarks and the Licenses comprise a portion of the Collateral and Agent shall have the right to exercise its rights under the Credit Agreement with respect to the Trademarks and the Licenses to the same extent as with respect to all other items of Collateral described therein, and (ii) from and after the occurrence and during the continuance of an Event of Default, Agent or its nominee may use the Trademarks and the Licenses to complete the manufacture of, assemble, package, distribute, prepare for sale and sell the Inventory, or otherwise in connection with the conduct of Grantor's business.

12. Authority of Agent. Grantor acknowledges that the rights and responsibilities of Agent under this Agreement with respect to any action taken by Agent or the exercise or nonexercise by Agent of any right or remedy provided for herein or resulting or arising out of this Agreement shall, as between Agent and Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between Agent and Grantor, Agent shall be conclusively presumed to be acting as agent for Lenders with full and valid authority so to act or refrain from acting, and Grantor shall be under no obligation, or entitlement, to make any inquiry respecting such authority.

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

14. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 4 hereof or by a writing signed by all the parties hereto.

15. Cumulative Remedies; Power of Attorney. All of Agent's rights and remedies with respect to the Trademarks and the Licenses, whether established hereby, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Grantor hereby irrevocably appoints Agent as Grantor's attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor or otherwise to carry out the acts described below. Subject to the terms of the Credit Agreement, upon the occurrence and during the continuance of an Event of Default and the giving by Agent of written notice to Grantor of Agent's intention to enforce its rights and claims against Grantor, Grantor hereby authorizes Agent to, in its sole discretion (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Trademarks and the Licenses, (ii) take any other actions with respect to the Trademarks and the Licenses as Agent deems is in the best interest of Agent and Lenders, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks to anyone on commercially reasonable terms, and (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone on commercially reasonable terms. Agent shall take no action pursuant to subsection (i), (ii), (iii) or (iv) of this Section 15 without taking like action with respect to the entire goodwill of Grantor's business connected with the use of, and symbolized by, such

Trademarks. Grantor hereby ratifies all actions that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement shall have been terminated pursuant to Section 6. Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Agent under the Credit Agreement, but rather is intended to facilitate the exercise of such rights and remedies. Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Personal Property Security Act as enacted in any jurisdiction in which the Trademarks may be located or deemed located.

16. Binding Effect; Benefits. This Agreement shall be binding upon Grantor and its successors and assigns, and shall inure to the benefit of Agent and its nominees, successors and assigns as permitted by the Credit Agreement. Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Grantor; provided, however, that Grantor shall not voluntarily assign its obligations hereunder without the prior written consent of Agent.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (as distinguished from the conflicts of law provisions) and decisions of the Province of Manitoba and the federal laws of Canada applicable therein.

18. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Credit Agreement.

19. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

20. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

21. Right to Record Security Interest. Agent shall have the right, but not the obligation, at the expense of Grantor, to record this Agreement in the Canadian Intellectual Property Office and with such other recording authorities deemed reasonable and proper by Agent, and Agent shall advise Grantor of such recordings. Upon satisfaction in full of the Obligations and termination of the Credit Agreement in accordance with its terms, Grantor shall have the right to effect the recording of such satisfaction or termination at the expense of Grantor in the Canadian Intellectual Property Office and with such other recording authorities deemed reasonable and proper by Grantor. Agent and Grantor shall cooperate to effect all such recordings hereunder.

22. Copy of Agreement and Financing Statement. The Borrower acknowledges receiving a copy of this Agreement and waives all rights to receive from the Lender a copy of any financing statement, financing change statement or verification statement filed, issued, or obtained at any time in respect of this Agreement.

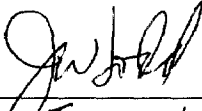
23. Subordination Agreement. This Agreement is subject to the terms of that certain Subordination Agreement, dated as of the date hereof, by and among Phillips & Temro Holdings LLC, a Delaware limited liability company, Grantor, PT Acquisition Corp., a North Dakota corporation, Agent and LaSalle Bank National Association, a national banking association, as administrative agent for the lenders under the Senior Credit Agreement, which Subordination Agreement is incorporated herein by reference.

**[SIGNATURE PAGE FOLLOWS]**




IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

**PTI Acquisition Ltd.**

By:   
Name: James W. Todd  
Title: President & CEO

**AMERICAN CAPITAL FINANCIAL SERVICES, INC.**

By:   
Name: L. Thomas Grogan  
Title: Vice President

**SCHEDULE A**  
to Trademark and License Security Agreement

**TRADEMARKS**

Grantor has the following trademarks or licenses to use trademarks as per attachment



**The Budd Company**  
**Trademark Portfolio by Family**  
**U.S. and Foreign -- Active Cases**

HDP Case ID Client Ref. No.	Country	Classes	Appl. No. Filing Date	Reg. No. Reg. Date/Renewed	Renewal Due Affidavit Due	Status/Substatus
2872P-200266/US	United States	11	75/010118 10/13/1995	2015342 11/12/1996	11/12/2006 11/12/2002	Registered
	Mark: <b>ARCTIC THAW</b> Goods: Portable electrical warmers for car interiors.			Owner/Assignee: Phillips & Temro Industries Ltd.		
2872P-300266/CA	Canada		697446 01/23/1992	412133 05/07/1993	5/7/2008	Registered
	Mark: <b>ARCTIC THAW</b> Goods: Interior car warmers.			Owner/Assignee: Phillips & Temro Industries Ltd.		
2872P-200268/US 2872P-50234	United States	7	73/459178 12/30/1983	1357626 09/03/1985	9/3/2005	Registered
	Mark: <b>COWL (Design)</b> Goods: Exhaust silencers for internal combustion marine engines, stationary engines, and engines of large earth moving equipment.			Owner/Assignee: Phillips & Temro Industries Ltd.		
2872P-300268/CA	Canada		0513996 12/16/1983	296662 11/02/1984 11/02/1999	11/2/2014	Registered
	Mark: <b>COWL (Design)</b> Goods: Exhaust silencers for internal combustion marine engines, stationary engines, and engines of large earth moving equipment.			Owner/Assignee: Phillips & Temro Industries Ltd. Agent: Filmore & Riley		



**The Budd Company**  
**Trademark Portfolio by Family**  
**U.S. and Foreign -- Active Cases**

HDP Case ID	Country	Classes	Appl. No. Filing Date	Reg. No. Reg. Date/Renewed	Renewal Due Affidavit Due	Status/Substatus
Client Ref. No. 2872P-300371/EM	Community Trademark	7	435545 11/25/1996	435545 10/19/1998	11/25/2006	Registered

Mark: **COWL**

Owner/Assignee: Phillips & Temro Industries Ltd.  
Agent: Marks & Clerk (GB)

Goods: Exhaust silencers for internal combustion engines; exhaust silencers for industrial gas and diesel engines.

2872P-300371/NO

Norway

7

967395  
11/20/1996

194636  
12/03/1998

12/3/2008  
Registered

Mark: **COWL**

Owner/Assignee: Phillips & Temro Industries Ltd.  
Agent: Tandbergs Patentkontor A - S

Goods: Exhaust silencers for internal combustion engines including exhaust silencers for industrial gas and diesel engines.