01-09-2003

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

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

Tab settings ⇨ ⇨ ⇨ ▼ ▼ ▼ ▼

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

1. Name of conveying party(ies):
Koax Corp. - an Oklahoma Corp.
El Dorado Chemical Company - an Oklahoma Corp.
Climatecraft, Inc. - an Oklahoma Corp.
The Environmental Group, Inc. - an Oklahoma Corp.
ACP International Limited - an Oklahoma Corp.
International Environmental Corporation - an Oklahoma Corp.
Climate Master, Inc. – A Delaware Corp.

☐ Individual(s) ☐ Association
☐ Corporation-State
☐ Other

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

2. Name and address of receiving party(ies)
Name: **Foothill Capital Corporation**

12.17.02

Internal Address: _____

Street Address: **2450 Colorado Avenue**
City: **Los Angeles** State: **CA** Zip: **90404**
☐ Individual(s) citizenship _____
☐ Association _____
☐ General Partnership _____
☐ Limited Partnership
☒ Corporation-State **California**
☐ 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

TRADEMARK FEE PROCESS RECEIVED 2002 DEC 17 PM 12:29 US PATENT & TRADEMARK OFFICE

3. Nature of conveyance:
☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other

Execution Date: **April 13, 2001**

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
See attached schedules

B. Trademark Registration No.(s)
See attached schedules

Additional number(s) attached ☒ Yes ☐ No

75722835

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

Name: **Stanley Seuradge**
Internal Address: **Schulte Roth & Zabel LLP**

01/09/2003 TDIAZ1 00000029 500675 75722835
01 FC:8521 40.00 CH
02 FC:8522 750.00 CH

Street Address: **919 Third Avenue**

City: **New York** State: **N.Y.** Zip: **10022**

6. Total number of applications and registrations involved: 31

7. Total fee (37 CFR 3.41) ..... $ **790.00**
☐ Enclosed
☒ Authorized to be charged to deposit account

8. Deposit account number:
500675 – Schulte Roth & Zabel LLP

(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.

Stanley Seuradge		**December 17, 2002**
Name of Person Signing	Signature	Date

Total number of pages including cover sheet, attachments, and document: 18

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

9191328.1

Mark	Serial/Reg. No.	Place of Registration	Issue Date
ACP INTERNATIONAL LIMITED			
"ACP"	75/722,835	United States	Pending
"ACP International Ltd. & Design"	75/772,834	United States	Pending
"ESTAT"	76/094,391	United States	Pending
CLIMATECRAFT, INC.			
"Climatecraft"	#2,369,333	United States	07/18/00
CLIMATE MASTER, INC.			
"Climate Master (& Design)"	2,139,570	United States	02/24/98
"Climate Master"	808,500	United States	05/17/86
"Climate Mate"	1,805,217	United States	11/16/93
"Weather-Wafer"	2,015,940	United States	11/12/96
"Laser and Design"	1,340,438	United States	
"Geo-Thermal Heat Pumps (& Design)"	144,828	United States	
"Geo-Ez"	1,875,886	United States	01/24/95
"Climadry"	2,006,800	United States	06/05/94
"Roommate"	1,906,435	United States	07/18/95
"Paradigm"	2,112,244	United States	11/11/97
"Geodesigner"	2,184,992	United States	08/25/98
EL DORADO CHEMICAL COMPANY			
"El Dorado (& Design)"	1,427,064	United States	02/03/87
"E-2"	833,891	United States	08/22/67
"M-Pel"	795,435	United States	09/07/65
"M-Pak"	795,434	United States	09/07/65
"M-Powr"	795,433	United States	09/07/65
"M-Pulz"	795,432	United States	09/07/65
THE ENVIRONMENTAL GROUP, INC.			
"Multiclima"	75/481,639	United States	Pending
"Climatecool"	76/078,405	United States	Pending

9349528.1

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Climacool"	76/077,955	United States	Pending
INTERNATIONAL ENVIRONMENTAL CORPORATION			
"International Environmental Corporation (& Blower Design)"	1,267,054	United States	02/14/84
"International Environmental Corporation (& IE Design)"	1,569,505	United States	12/05/89
"Sureflow"	75/487,172	United States	Pending
"IE (Stylized)"	75,862,993	United States	Pending
"Air Coil Technologies"	1,755,144	United States	03/02/93
KOAX CORP.			
"Koax"	1,776,407	United States	06/15/93
"Koax and design"	1,905,551	United States	07/18/95

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TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT** (this "Agreement"), dated as of April 13, 2001 is made by Slurry Explosive Corporation, an Oklahoma corporation, Koax Corp., an Oklahoma corporation, El Dorado Chemical Company, an Oklahoma corporation, ClimateCraft, Inc., an Oklahoma corporation, The Environmental Group, Inc., an Oklahoma corporation, ACP International Limited, an Oklahoma corporation, International Environmental Corporation, an Oklahoma corporation, and Climate Master, Inc., a Delaware corporation (each a "Debtor" and collectively, jointly and severally, the "Debtors"), in favor of **FOOTHILL CAPITAL CORPORATION**, a California corporation, as the arranger and administrative agent for the Lenders ("Secured Party").

RECITALS

A. LSB Industries, Inc., a Delaware corporation ("LSB"), ClimaChem, Inc., an Oklahoma corporation ("ClimaChem"), Debtors, certain other subsidiaries of ClimaChem (such subsidiaries, together with the Debtors and ClimaChem, are collectively the "Borrowers") and the Lender Group have entered into that certain Loan and Security Agreement, of even date herewith (as amended, restated, modified, renewed or extended from time to time, the "Loan Agreement"), pursuant to which the Lender Group has agreed to make certain financial accommodations to the Borrowers, and pursuant to which the Borrowers have granted to Secured Party for the benefit of the Lender Group security interests in (among other things) all or substantially all of the general intangibles of the Borrowers.

B. Pursuant to the Loan Agreement and as one of the conditions precedent to the obligations of the Lenders under the Loan Agreement, each of the Debtors have agreed to execute and deliver this Agreement to Secured Party for filing with the PTO and with any other relevant recording systems in any domestic jurisdiction, and as further evidence of and to effectuate Secured Party's existing security interests in the trademarks and other general intangibles described herein.

ASSIGNMENT

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, each Debtor hereby agrees in favor of Secured Party as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Borrowers" shall have the meaning ascribed to such term in the recitals to this Agreement.

"Debtor" and "Debtors" each shall have the meaning ascribed to it in the introductory paragraph of this Agreement.

"Event of Default" means any Event of Default under the Loan Agreement.

"Lender Group" means, individually and collectively, each of the Lenders and Secured Party.

"Lenders" means, individually and collectively, each of the financial institutions identified on the signature pages of the Loan Agreement, and any other Person made a party thereto in accordance with the provisions of Section 14 thereof (together with their respective successors and assigns).

"Proceeds" means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Trademark Collateral, including "proceeds" as defined at UCC Section 9-306, and all proceeds of proceeds. Proceeds shall include (i) any and all accounts, chattel paper, instruments, general intangibles, cash and other proceeds, payable to or for the account of any Debtor, from time to time in respect of any of the Trademark Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of any Debtor from time to time with respect to any of the Trademark Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to any Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Trademark Collateral by any Person acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Trademark Collateral or for or on account of any damage or injury to or conversion of any Trademark Collateral by any Person.

"PTO" means the United States Patent and Trademark Office and any successor thereto.

"Secured Obligations" shall mean, with respect to each Debtor, all liabilities, obligations, or undertakings owing by such Debtor to the Lender Group of any kind or description arising out of or outstanding under, advanced or issued pursuant to, or evidenced by the Loan Agreement, any of the other Loan Documents, or this Agreement, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, voluntary or involuntary, whether now existing or hereafter arising, and including all interest (including interest that accrues after the filing of a case under the Bankruptcy Code) and any and all costs, fees (including attorneys fees), and expenses which such Debtor is required to pay pursuant to any of the foregoing, by law, or otherwise.

"Secured Party" shall have the meaning ascribed to such term in the introductory paragraph of this Agreement.

"Trademark Collateral" has the meaning set forth in Section 2.

"Trademarks" has the meaning set forth in Section 2.

favor of Secured Party for the benefit of the Lender Group (whether under federal law or

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" and "U.S." each mean the United States of America.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings ascribed to them in the UCC.

(c) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof, or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears.

(ii) The words "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation."

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) Capitalized words not otherwise defined herein shall have the respective meanings assigned to them in the Loan Agreement.

(ix) In the event of a direct conflict between the terms and provisions of this Agreement and the Loan Agreement, it is the intention of the parties hereto that both such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Loan Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of any Debtor and supplemental rights and remedies in favor of Secured Party for the benefit of the Lender Group (whether under federal law or

TRADEMARK
REEL: 2644 FRAME: 0684

applicable New York law), in each case in respect of the Trademark Collateral, shall not be deemed a conflict in the Loan Agreement.

2. Security Interest.

(a) Assignment and Grant of Security in respect of the Secured Obligations. To secure the prompt payment and performance of the Secured Obligations, each Debtor hereby grants, assigns, transfers and conveys to Secured Party, for the benefit of the Lender Group, a continuing security interest in all of such Debtor's right, title and interest in and to the following property, whether now existing or hereafter acquired or arising and whether registered or unregistered (collectively, the "Trademark Collateral"):

(i) all state (including common law) and federal trademarks, service marks and trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, together with and including all licenses therefor held by such Debtor, and all registrations and recordings thereof, and all applications filed or to be filed in connection therewith, including registrations and applications in the PTO, any State of the United States (but excluding each application to register any trademark, service mark, or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark or service mark) and all extensions or renewals thereof, including without limitation any of the foregoing identified on Schedule A hereto (as the same may be amended, modified or supplemented from time to time), and the right (but not the obligation) to register claims under any state or federal trademark law or regulation and to apply for, renew and extend any of the same, to sue or bring opposition or cancellation proceedings in the name of the applicable Debtor or in the name of Secured Party or in the name of Secured Party for the benefit of the Lender Group for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world (collectively, the "Trademarks");

(ii) all claims, causes of action and rights to sue for past, present or future infringement or unconsented use of any Trademarks and all rights arising therefrom and pertaining thereto;

(iii) all general intangibles related to or arising out of any of the Trademarks and all the goodwill of Debtors' business symbolized by the Trademarks or associated therewith; and

(iv) all Proceeds of any and all of the foregoing.

(b) Continuing Security Interest. Each Debtor hereby agrees that this Agreement shall create a continuing security interest in the Trademark Collateral which shall remain in effect until terminated in accordance with Section 18.

(c) Incorporation into Loan Agreement. Without limiting the foregoing, the Trademark Collateral described in this Agreement shall constitute part of the Collateral in the Loan Agreement.

(d) Licenses. Anything in the Loan Agreement or this Agreement to the contrary notwithstanding, each Debtor may grant non-exclusive licenses of the Trademark Collateral (subject to the security interest of Secured Party therein) in the ordinary course of business consistent with past practice.

3. Further Assurances; Appointment of Secured Party as Attorney-in-Fact. Each Debtor at its expense shall execute and deliver, or cause to be executed and delivered, to Secured Party for the benefit of the Lender Group any and all documents and instruments, in form and substance reasonably satisfactory to Secured Party, and take any and all action, which Secured Party, in the exercise of its Permitted Discretion, may request from time to time, to perfect and continue the perfection or to maintain the priority of, or provide notice of the security interest in the Trademark Collateral held by Secured Party for the benefit of the Lender Group and to accomplish the purposes of this Agreement. If any Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Secured Party in accordance with the foregoing, Secured Party shall have the right, in the name of such Debtor, or in the name of Secured Party or otherwise, without notice to or assent by such Debtor, and each such Debtor hereby irrevocably constitutes and appoints Secured Party (and any of Secured Party's officers or employees or agents designated by Secured Party) as such Debtor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of such Debtor on all or any of such documents or instruments and perform all other acts that Secured Party in the exercise of its Permitted Discretion deems necessary or advisable in order to perfect or continue the perfection of, maintain the priority or enforceability of or provide notice of the security interest in the Trademark Collateral held by Secured Party for the benefit of the Lender Group, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of such Debtor, which Secured Party, in the exercise of its Permitted Discretion, may deem necessary or advisable to maintain, preserve and protect the Trademark Collateral and to accomplish the purposes of this Agreement, including (A) after the occurrence and during the continuance of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to the Trademark Collateral, (B) after the occurrence and during the continuance of any Event of Default, to assert or retain any rights under any license agreement for any of the Trademark Collateral, and (C) upon the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for Secured Party to use the Trademark Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Trademark Collateral, and to assign, convey or otherwise transfer title in or dispose of the Trademark Collateral. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as this Agreement shall not have terminated in accordance with Section 18.

4. Representations and Warranties. Each Debtor represents and warrants to each member of the Lender Group, in each case to the best of its knowledge, information, and belief, as follows:

(a) No Other Trademarks. Schedule A sets forth a true and correct list of all of the existing Trademarks that are registered, or for which any application for registration has been filed with the PTO or any corresponding or similar trademark office of any other U.S. jurisdiction, and that are owned or held (whether pursuant to a license or otherwise) and used by such Debtor.

(b) Trademarks Subsisting. Each of the Trademarks listed in Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of such Debtor's knowledge, each of the Trademarks set forth on Schedule A is valid and enforceable.

(c) Ownership of Trademark Collateral; No Violation. (i) such Debtor has rights in and good and defensible title to the existing Trademark Collateral, (ii) with respect to the Trademark Collateral shown on Schedule A hereto as owned by it, such Debtor is the sole and exclusive owner thereof, free and clear of any Liens and rights of others (other than the security interest created hereunder and other than Permitted Liens), including licenses, registered user agreements and covenants by such Debtor not to sue third persons, and (iii) with respect to any Trademarks for which such Debtor is either a licensor or a licensee pursuant to a license or licensing agreement regarding such Trademark, each such license or licensing agreement is in full force and effect, such Debtor is not in default of any of its obligations thereunder and, (i) other than the parties to such licenses or licensing agreements, or (ii) in the case of any non-exclusive license or license agreement entered into by such Debtor or any such licensor regarding such Trademark, the parties to any other such non-exclusive licenses or license agreements entered into by such Debtor or any such licensor with any other Person, no other Person has any rights in or to any of the Trademark Collateral. To the best of each Debtor's knowledge, the past, present and contemplated future use of the Trademark Collateral by such Debtor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other Person.

(d) No Infringement. To such Debtor's knowledge, no (i) material infringement or unauthorized use presently is being made of any of the Trademark Collateral by any Person, and (ii) the past, present, and contemplated future use of the Trademark Collateral by such Debtor has not, does not and will not infringe upon or violate any right, privilege, or license agreement of or with any other Person.

(e) Powers. Each such Debtor has the unqualified right, power and authority to pledge and to grant to Secured Party a security interest in all of the Trademark Collateral pursuant to this Agreement, and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person except as already obtained.

5. Covenants. Each Debtor covenants that so long as this Agreement shall be in effect, each such Debtor shall:

(a) Compliance with Law. Comply, in all material respects, with all applicable statutory and regulatory requirements in connection with any and all of the Trademark Collateral and give such notice of trademark, prosecute such material claims, and do all other acts and take all other measures which, in such Debtor's reasonable business judgment, may be necessary or desirable to preserve, protect and maintain such Trademark Collateral and all of such Debtor's rights therein, including diligently prosecute any material trademark application pending as of the date of this Agreement or thereafter, other than statutory and regulatory requirements the non-compliance with which, individually or in the aggregate, would not result in a Material Adverse Change;

(b) Compliance with Agreement. Comply with each of the terms and provisions of this Agreement, the Loan Agreement, and the other Loan Documents, and not enter into any agreement (for example, a license agreement) which is inconsistent with the obligations of such Debtor under this Agreement without Secured Party's prior written consent; and

(c) Lien Protection. Not permit the inclusion in any contract to which such Debtor becomes a party of any provision that could impair or prevent the creation of security interests in favor of Secured Party, for the benefit of the Lender Group, in such Debtor's rights and interest in the Trademark and the Trademark Collateral, and each such Debtor will promptly give Secured Party written notice of the occurrence of any event that could have a material adverse effect on any of the Trademark or the Trademark Collateral, including any petition under the Bankruptcy Code filed by or against any licensor of any of the Trademarks for which such Debtor is a licensee.

6. Future Rights. For so long as any of the Secured Obligations shall remain outstanding, or, if earlier, until Secured Party shall have released or terminated, in whole but not in part, its interest in the Trademark Collateral, if and when any Debtor shall obtain rights to any new Trademarks, or any reissue, renewal or extension of any Trademarks, the provisions of Section 2 shall automatically apply thereto and the applicable Debtor shall give to Secured Party prompt notice thereof. Each Debtor shall do all things reasonably deemed necessary or advisable by Secured Party in the exercise of its Permitted Discretion to ensure the validity, perfection, priority and enforceability of the security interests of Secured Party in such future acquired Trademark Collateral. If any Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Secured Party in connection herewith, each Debtor hereby authorizes Secured Party to modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on such Debtor's behalf and as its attorney-in-fact to include any future Trademarks which are or become Trademark Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

7. Duties of Secured Party and the Lender Group. Notwithstanding any provision contained in this Agreement, neither Secured Party nor any other member of the Lender Group shall have any duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to the Debtors or any other Person for any failure to do so or delay in doing so. Except for the accounting for moneys actually received by Secured Party or any other member of the Lender Group hereunder or in connection herewith, neither Secured Party nor any member of the Lender Group shall have any duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Trademark Collateral.

8. Events of Default. The occurrence of any "Event of Default" under the Loan Agreement shall constitute an Event of Default hereunder.

9. Remedies. From and after the occurrence and during the continuation of an Event of Default, Secured Party shall have all rights and remedies available to it under the Loan Agreement, any other Loan Documents and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Trademark Collateral or any other Collateral. Each Debtor hereby agrees that such rights and remedies include the right of Secured

Party as a secured party to sell or otherwise dispose of the Trademark Collateral after default, pursuant to UCC Section 9-504. Each Debtor hereby agrees that Secured Party shall at all times have such royalty-free licenses, to the extent permitted by law and the Loan Documents, for any Trademark Collateral that is reasonably necessary to permit the exercise of any of Secured Party's rights or remedies upon or after the occurrence of (and during the continuance of) an Event of Default with respect to (among other things) any tangible asset of such Debtor in which Secured Party has a security interest, including Secured Party's rights to sell inventory, tooling or packaging which is acquired by such Debtor (or its successor, assignee or trustee in bankruptcy). In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right but shall in no way be obligated to bring suit, or to take such other action as Secured Party deems necessary or advisable, in the name of any Debtor or Secured Party, to enforce or protect any of the Trademark Collateral, in which event any such Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all documents required by Secured Party in aid of such enforcement. To the extent that Secured Party shall elect not to bring suit to enforce such Trademark Collateral after the occurrence and during the continuation of an Event of Default, the applicable Debtor agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

10. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by each of the Debtors and Secured Party for the benefit of the Lender Group and their respective successors and assigns.

11. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Loan Agreement.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the federal laws of the United States of America and the laws of the State of New York.

13. Entire Agreement; Amendment. This Agreement and the Loan Agreement, together with the Schedules hereto and thereto, contain the entire agreement of the parties with respect to the subject matter hereof and supersede all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties as provided in the Loan Agreement. Notwithstanding the foregoing, Secured Party may reexecute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 6 hereof.

14. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

15. 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 but one and the same agreement.

16. Loan Agreement. Each Debtor acknowledges that the rights and remedies of Secured Party held for the benefit of the Lender Group with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Loan Agreement and all such rights and remedies are cumulative.

17. No Inconsistent Requirements. In the event of a direct conflict between the terms and provisions contained in this Agreement and the terms and provisions contained in the Loan Agreement, it is the intention of the parties hereto that such terms and provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Loan Agreement shall control and govern.

18. Termination. Upon the payment and performance in full in cash of the Secured Obligations, including the cash collateralization, expiration, or cancellation of all Secured Obligations, if any, consisting of letters of credit, and the full and final termination of any commitment to extend any financial accommodations under the Loan Agreement, this Agreement shall terminate, and Secured Party shall execute and deliver such documents and instruments and take such further action reasonably requested by Debtors and at Debtors' expense, as shall be reasonably necessary to evidence termination of the security interests granted by Debtors to Secured Party for the benefit of the Lender Group hereunder.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE ENVIRONMENTAL GROUP, INC.,
an Oklahoma corporation

ACP INTERNATIONAL LIMITED,
an Oklahoma corporation

INTERNATIONAL ENVIRONMENTAL CORPORATION, an Oklahoma corporation

CLIMATE MASTER, INC.,
a Delaware corporation

SLURRY EXPLOSIVE CORPORATION,
an Oklahoma corporation

CLIMATECRAFT, INC.,
an Oklahoma corporation

KOAX CORP.,
an Oklahoma corporation

EL DORADO CHEMICAL COMPANY,
an Oklahoma corporation

By: _____
Title: Authorized Signatory for each of the above-referenced Debtors

FOOTHILL CAPITAL CORPORATION,
a California corporation, as Agent

By: Bruce Rubin
Title: SVP

2060228.8

LANLIB1\LW8\663176.EXE

TRADEMARK
REEL: 2644 FRAME: 0691

STATE OF New York)
) ss
COUNTY OF New York)

On April 13, 2001, before me, Thomas W. Caplis, Notary Public, personally appeared Troy A. Shelby, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

[SEAL]

THOMAS W. CAPLIS
Notary Public, State of New York
No. 01CA6024777
Qualified in New York County
Commission Expires May 17, 2001

STATE OF New York)
) ss
COUNTY OF New York)

On April 13, 2001, before me, Thomas W. Caplis, Notary Public, personally appeared Bruce Rivers, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

[SEAL]

THOMAS W. CAPLIS
Notary Public, State of New York
No. 01CA6024777
Qualified in New York County
Commission Expires May 17, 2001

2060228.8

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SCHEDULE A
TRADEMARK SECURITY AGREEMENT

LIST OF TRADEMARKS

ACP INTERNATIONAL LIMITED

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"ACP"	75/772,835	United States	Pending
"ACP International Ltd. & Design"	75/772,834	United States	Pending
"ESTAT"	76/094,391	United States	Pending

CLIMATECRAFT, INC.

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Climatecraft"	#2,369,333	United States	07/18/00

CLIMATE MASTER, INC.

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Climate Master (& Design)"	2,139,570	United States	02/24/98
"Climate Master (& Design)"	#TMA 471,487	Canada	02/21/97
"Climate Master"	808,500	United States	05/17/86
"Climate Master"	409,647	Chile	07/22/93
"Climate Master"	84930	Israel	10/08/92
"Climate Master"	292/82	Saudi Arabia	12/30/92
"Climate Master"	1,514,734	United Kingdom	11/13/98
"Climate Master"	11,215	Greece	Pending
"Climate Master"	280854	Korea	12/07/93
"Climate Master"	641,594	Taiwan	04/16/94
"Climate Master"	614,556	Taiwan	10/01/93
"Climate Master"	516424	Mexico	12/10/92
"Climate Master"	25162	Kuwait	08/16/93
"Climate Master"	0-999746	Czech Republic	Pending

CLIMATE MASTER, INC. (CONT'D)

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Climate Master"	583,151	Benelux	06/22/95
"Climate Master"	95575091	France	06/09/95
"Climate Master"	147,007	Hungary	04/25/95
"Climate Master"	172643	Norway	04/25/96
"Climate Master"	309 649	Portugal	05/06/96
"Climate Master"	O-POZ-1170-95	Slovak Republic	05/02/95
"Climate Master"	16121	Turkey	05/01/95
"Climate Master"	Pending	Germany	
"Climate Master"	729,783	Italy	10/16/97
"Climate Master"	2,139,570	Europe	02/24/98
"Climate Mate"	1,805,217	United States	11/16/93
"Climate Mate"	TMA 371,539	Canada	08/03/90
"Weather-Wafer"	2,015,940	United States	11/12/96
"Laser and Design"	1,340,438	United States	
"Geo-Thermal Heat Pumps (&Design)"	144,828	United States	
"Geo-Ez"	1,875,886	United States	01/24/95
"Climadry"	2,006,800	United States	06/05/94
"Roommate"	1,906,435	United States	07/18/95
"Paradigm"	2,112,244	United States	11/11/97
"Geodesigner"	2,184,992	United States	08/25/98

EL DORADO CHEMICAL COMPANY

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"El Dorado (& Design)"	1,427,064	United States	02/03/87
"E-2"	833,891	United States	08/22/67
"M-Pel"	795,435	United States	09/07/65
"M-Pak"	795,434	United States	09/07/65
"M-Powr"	795,433	United States	09/07/65
"M-Pulz"	795,432	United States	09/07/65

THE ENVIRONMENTAL GROUP, INC.

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Multiclima"	75/481,639	United States	Pending
"Climatecool"	76/078,405	United States	Pending
"Climacool"	76/077,955	United States	Pending

INTERNATIONAL ENVIRONMENTAL CORPORATION

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"International Environmental Corporation (& Blower Design)"	1,267,054	United States	02/14/84
"International Environmental Corporation (& IE Design)"	1,569,505 439970 292/85	United States Mexico Saudi Arabia	12/05/89 08/18/93 08/31/93
"International Environmental"	B1,514,822 92/165,999	United Kingdom Hong Kong	07/01/94 11/21/94
"Sureflow"	75/487,172	United States	Pending
"IE (Stylized)"	75,862,993	United States	Pending
"Air Coil Technologies"	1,755,144	United States	03/02/93

KOAX CORP.

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Koax"	1,776,407	United States	06/15/93
"Koax and design"	1,905,551	United States	07/18/95

SLURRY EXPLOSIVE CORPORATION

Mark	Serial/Reg. No.	Place of Registration	Issue Date
"Slurran"	904,559	United States	12/22/70
	936,412	United States	06/27/82
"Detagel"	1,081,629	United States	01/10/78
	344632	Australia	02/04/80
"TOPrime"	2,078,089	United States	07/08/97
"XPAK"	2,243,373	United States	05/04/99
"Kinepak"	936410	United States	06/27/72
	199650	Canada	06/07/74
"Kinepouch"	1114751	United States	03/13/79
	437922	Canada	01/06/95
"Kinestik"	1077342	United States	11/15/77

RECORDED: 12/17/2002

TRADEMARK
REEL: 2644 FRAME: 0696