

02-26-2003



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TRADEMARKS ONLY

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

Form PTO-1594 (Rev. 10/02) **2-20-03R**
OMB No. 0651-0027 (exp. 6/30/2005)
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):
McNally Acquisition, LLC, a Delaware limited liability company

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other limited liability company

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

2. Name and address of receiving party(ies)
Name: CFB Venture Fund I, Inc.
Internal Address: _____
Street Address: 1000 Walnut, 18th Floor
City: Kansas City State: MO Zip: 64106

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Missouri
 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 _____

Execution Date: February 14, 2003

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
B. Trademark Registration No.(s)

Additional number(s) attached Yes No

(See attachment for additional receiving parties)
0276565

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Husch & Eppenberger, LLC
Internal Address: Attn: Teresa Reinking
Street Address: 1200 Main Street, Ste 1700
City: Kansas City State: MO Zip: 64105

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number: _____
(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.

Lisa Robison Lisa Robison 2/19/03
Name of Person Signing Signature Date

02/26/2003
01 FC:8521

BYRNE 00000006 0276565 Total number of pages including cover sheet, attachments, and document: 10
40.00 Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

Attachment to Trademark Recordation Coversheet

Additional Receiving Parties

Kansas Venture Capital, Inc., a Kansas corporation
6700 Antioch, Suite 460
Shawnee Mission, KS 66204

MidStates Capital, L.P., a Kansas limited partnership
7300 W. 110th Street, 7th Floor
Overland Park, KS 66210

::ODMA\PCDOCS\KANSAS_CITY\607099\1

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is entered into as of February 14, 2003, by and between McNally Acquisition, LLC, a Delaware limited liability company ("Company"), and CFB Venture Fund I, Inc., Kansas Venture Capital, Inc. and MidStates Capital, L.P. (collectively, the "Lender"). Company hereby agrees with Lender as follows:

1. Defined Terms. Terms used but not otherwise defined herein shall have the meanings assigned thereto in that Securities Purchase Agreement (as the same may be amended, restated, renewed, extended, supplemented, or otherwise modified from time to time, the "Loan Agreement"), of even date herewith, between Company and Lender.

2. Grant of Security Interest. To secure the obligations of Company under the Loan Agreement, Company hereby grants to Lender a first priority security interest in all of Company's right, title and interest in and to the following assets and properties (collectively, the "Collateral"):

(a) all trademarks, rights and interests predictable as trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and any other designs or sources of business identifier, indicia of origin or similar devices, including without limitation, those listed on Schedule 1 attached hereto, all registrations with respect thereto, all applications with respect to the foregoing, and all extensions and renewals with respect to any of the foregoing, together with all of the goodwill associated therewith, in each case whether now or hereafter existing, and all rights and interest associated with the foregoing including any licenses, license rights and royalties of all rights to sue or by opposition or cancellation proceedings for past, present and future infringements of such rights; and

(b) all proceeds of the foregoing.

3. Warranties and Representations. Company hereby warrants and represents to Lender the following:

(a) A true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Company or licensed to Company is set forth on Schedule 1;

(b) Each of the trademarks and trademark registrations are valid and enforceable, and Company is not presently aware of any past, present, or prospective claim by any third party that any of the trademarks are invalid or unenforceable, or that the use of any trademarks violates the rights of any third person, or of any basis for any such claims;

(c) Company is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the trademarks and trademark registrations, free and clear of any liens, charges and encumbrances, including without limitation, pledges, assignments, licenses, shop rights and covenants by Company not to sue third persons;

(d) Company will use proper statutory notice in connection with its use of each of the trademarks; and

(e) Company will use consistent standards of high quality (which may be consistent with Company's past practices) in the manufacture, sale, and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks.

4. After Acquired Trademark Rights. If Company shall obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Company shall give prompt notice in writing to Lender with respect to any such new trademarks or renewal or extension of any trademark registration. Company shall bear any expenses incurred in connection with future applications for trademark registration.

5. Litigation and Proceedings. Company shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings, or other actions for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Company shall provide to Lender any information with respect thereto reasonably requested by Lender. Lender shall provide at Company's expense all necessary cooperation in connection with any such suit, proceeding or action including, without limitation, joining as a necessary party. Following Company's becoming aware thereof, Company shall notify Lender of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state or foreign court regarding Company's claim of ownership in any of the trademarks, its right to apply for the same, or its right to keep and maintain such trademark rights.

6. Events of Default. An Event of Default hereunder shall be deemed to have occurred and be continuing if (a) Company shall have breached any of the provisions of this Agreement or (b) an "Event of Default" shall have occurred under the Loan Agreement.

7. Specific Remedies. Upon the occurrence and during the continuance of an Event of Default:

(a) Lender may notify licensees to make royalty payments on any license or other similar agreements relating to the Collateral directly to Lender.

(b) Lender may sell or reassign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Lender deems advisable. Any

requirements of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Company ten (10) days prior to such disposition. Company shall be credited with the net proceeds of such sale only when they are actually received by Lender, and Company shall continue to be liable for any deficiency remaining after the Collateral is sold or collected.

(c) If the sale is to be a public sale, Lender shall also give notice of the time and place by publishing a notice one time at least ten (10) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held.

(d) To the maximum extent permitted by applicable law, Lender may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the obligations owned by Company to Lender as a credit on account of the purchase price of any Collateral payable by Lender at such sale.

(e) Lender may exercise any and all other rights and remedies available to it as a secured party under applicable law or the Uniform Commercial Code regardless of whether any part of the Collateral is subject to the Uniform Commercial Code, and may exercise any rights and remedies available to it under the Loan Agreement as the result of such Event of Default as if the Collateral hereunder were Collateral under the Loan Agreement.

8. Assignment. All grants, covenants and agreements contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Company may not delegate or assign any of its duties or obligations under this Agreement without the prior written consent of Lender. **LENDER RESERVES THE RIGHT TO ASSIGN ITS RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT IN WHOLE OR IN PART TO ANY PERSON OR ENTITY.** Without limiting the generality of the foregoing, Lender may from time to time grant participations in all or any part of the obligations of Company hereunder or the Loan Agreement to any Person on such terms and conditions as may be determined by Lender in its sole and absolute discretion, provided that the grant of such participation shall not relieve Lender of its obligations hereunder nor create any additional obligation of Company.

9. GOVERNING LAW. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI, WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW. COMPANY HEREBY IRREVOCABLY SUBMITS ITSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN JACKSON COUNTY, MISSOURI, AND AGREES AND CONSENTS THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY LEGAL PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER RELATIONSHIP BETWEEN Lender AND COMPANY BY ANY MEANS ALLOWED UNDER STATE OR FEDERAL LAW. ANY LEGAL PROCEEDING ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR ANY OTHER RELATIONSHIP BETWEEN**

LENDER AND COMPANY SHALL BE BROUGHT AND LITIGATED EXCLUSIVELY IN ANY ONE OF THE STATE OR FEDERAL COURTS LOCATED IN JACKSON COUNTY, MISSOURI, HAVING JURISDICTION UNLESS LENDER SHALL ELECT OTHERWISE. THE PARTIES HERETO HEREBY WAIVE AND AGREE NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, THAT ANY SUCH PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE THEREOF IS IMPROPER.

10. WAIVERS. EACH OF COMPANY AND LENDER HEREBY (A) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR ASSOCIATED HEREWITH; (B) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (C) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (D) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION.

11. Notices. All notices, requests, consents, demands and other communications required or permitted under this Agreement shall be in writing and, unless otherwise specifically provided in such Agreement, shall be deemed sufficiently given or furnished if delivered by personal delivery, by telegram or telex, by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified below (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of telegram or telex, upon receipt.

If to Company: McNally Acquisition, LLC
 216 South Pine Street
 Grantsburg, Wisconsin 54840

If to Lender: CFB Venture Fund I, Inc.
 1000 Walnut, 18th Floor
 Kansas City, MO 64106

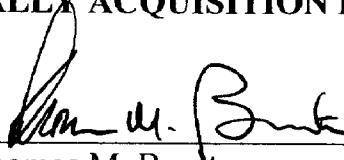
Kansas Venture Capital, Inc.
6700 Antioch, Suite 460
Shawnee Mission, Kansas 66204

MidStates Capital, L.P.
7300 W. 110th Street, 7th Floor
Overland Park, KS 66210

[signature begin on following page]

IN WITNESS WHEREOF, Company and Lender have executed this Agreement by their duly authorized officers as of the date first above written.

MCNALLY ACQUISITION LLC

By: 
Thomas M. Brunts

CFB VENTURE FUND I, INC.

By: _____
Name: Gregory L. Gaeddert
Title: Sr. Vice President

KANSAS VENTURE CAPITAL, INC.

By: _____
Name: Thomas C. Blackburn
Title: Executive Vice President

MIDSTATES CAPITAL, L.P.

By: MidStates Partners, LLC, its General Partner

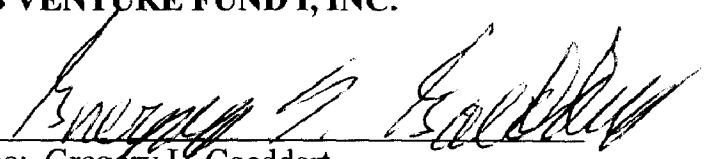
By: _____
Name: Timothy J. Keeble
Title: Member

IN WITNESS WHEREOF, Company and Lender have executed this Agreement by their duly authorized officers as of the date first above written.


MCNALLY ACQUISITION LLC

By: _____
Thomas M. Brunts

CFB VENTURE FUND I, INC.

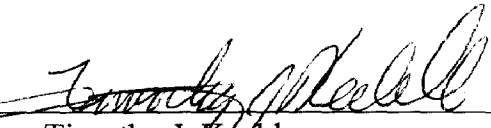
By: 
Name: Gregory L. Gaeddert
Title: Sr. Vice President

KANSAS VENTURE CAPITAL, INC.

By: 
Name: Thomas C. Blackburn
Title: Executive Vice President

MIDSTATES CAPITAL, L.P.

By: MidStates Partners, LLC, its General Partner

By: 
Name: Timothy J. Keeble
Title: Member

SCHEDULE 1

U.S. Trademark Registrations:

1. Mark: Northern
Serial No.: 71302001
Registration No.: 0276565
Registration Date: October 21, 1930

Tradenames

1. McNally Industries
2. Northern Pump
3. Northern Division of McNalley Industries