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7.21.03

Form PTO-1594

(Rev. 10/02)

OMB No. 0651-0027 (exp. 6/30/2005)



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

Tab settings

102506793

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

1. Name of conveying party(ies):

Koch Development Corporation

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

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: July 15, 2003

2. Name and address of receiving party(ies)

Name: Fifth Third Bank, Indiana

Internal Address:

Street Address: 20 N.W. Third St.

City: Evansville State: IN Zip: 47708

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,322,620 and

1,832,474

Additional number(s) attached Yes No

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

Name: Lori A. Young
Bamberger, Foreman, Oswald and Hahn LLP
Internal Address:

Street Address: 20 N.W. Fourth St.

Seventh Floor

City: Evansville State: IN Zip: 47708

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:

DO NOT USE THIS SPACE

9. Signature.

William A. Koch, Jr.
Name of Person Signing

William A. Koch, Jr.
Signature

July 15, 2003
Date

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

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

07/22/2003 LINELLER 00000321 1322620

01 FC:6521 40.00 DP
02 FC:6522 25.00 DP

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FINANCIAL SECTION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Security Agreement"), dated and made effective as of July 15, 2003 is entered into by **KOCH DEVELOPMENT CORPORATION** an Indiana corporation ("Borrower"), having its chief executive offices in Santa Claus, Indiana in favor of **FIFTH THIRD BANK, INDIANA** ("Fifth Third") and **NATIONAL CITY BANK OF INDIANA** ("National City") (Fifth Third and National City collectively hereinafter "Lender").

NOW, THEREFORE, in consideration of the financial accommodations which may be made from time to time by the Lender to the Borrower, Lender and Borrower agree as follows:

1. **Definitions.** Certain terms used in this Security Agreement shall have the definitions designated in this Section 1. Such definitions shall be equally applicable to both the singular and plural forms of the terms defined, and words of any gender shall include each other gender where appropriate. Unless defined herein, all capitalized terms shall have the meaning set forth in the Uniform Commercial Code as enacted by Indiana.

"Collateral" shall mean all of the Borrower's property or rights in which a security interest is granted hereunder.

"Default" shall mean an Event of Default as defined in this Security Agreement.

"Intellectual Property" shall mean all intellectual property of the Borrower, including, without limitation, (a) all patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); (b) all trademarks, service marks, trade dress, trade names, brand names, labels and corporate names and all the goodwill and quality control standards associated therewith; (c) all registered and unregistered statutory and common law copyrights; (d) all registrations, applications and renewals for any of the foregoing; (e) all trade secrets, confidential information, ideas, formulae, compositions, know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, improvements, proposals, technical and computer data, financial, business and marketing plans, and customer and supplier lists and related information; (f) all other proprietary rights (including, without limitation, all computer software and documentation and all license agreements and sublicense agreements to and from third parties relating to any of the foregoing); (g) all copies and tangible embodiments of the foregoing in whatever form or medium; (h) all damages and payments for past, present and future infringements of the foregoing; (i) all royalties and income due with respect to the foregoing; and (j) the right to sue and recover for past, present and future infringements of the foregoing.

"Loan Agreement" shall mean the Loan Agreement by and among Koch Development Corporation and Fifth Third Bank, Indiana and National City Bank of Indiana, and William A. Koch, Jr., Daniel L. Koch, and Natalie Koch of even date herewith as may be amended from time to time.

"Obligations" mean all indebtedness, liabilities and obligations of Borrower to the Lender (or any of its subsidiaries, affiliates or successors), of every type and description, whether now existing or hereafter arising, whether direct or indirect, absolute or contingent, liquidated or unliquidated, due or to become due, whether Borrower may be liable individually or jointly with others, and whether Borrower may be obligated as a guarantor, surety, accommodation party or otherwise, including, without limitation: (a) all indebtedness, liabilities and obligations, contingent or otherwise whether now existing or hereafter arising, of Borrower under the Judgment or this Agreement; and (b) all indebtedness, liabilities, and obligations, contingent or otherwise, whether now existing or hereafter arising, of Borrower arising under or in connection with any deposit account, lease, letter of credit, interest rate swap transaction, including Rate Management Obligations, or any other financial accommodation provided to Borrower.

"Rate Management Agreement" means any agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates, forward rates, or equity prices, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and any agreement pertaining to equity derivative transactions (e.g., equity or equity index swaps, options, caps, floors, collars and forwards), including without limitation any ISDA Master Agreement between the Borrower and Lender or any affiliate of Lender and any schedules, confirmations and documents and other confirming evidence between the parties confirming transactions thereunder, all whether now existing or hereafter arising, and in each case as amended, modified or supplemented from time to time.

"Rate Management Obligations" means any and all obligations of Borrower to Lender or any affiliate of Lender whether absolute, contingent or otherwise and howsoever and whensoever (whether now or hereafter) created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under or in connection with (i) any and all Rate Management Agreements, and (ii) any and all cancellations, buy-backs, reversals, terminations or assignments of any Rate Management Agreement.

"Schedule of Accounts" shall have the meaning designated in Section 4(c) of this Security Agreement.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as enacted in the State of Indiana, as amended from time to time.

2. Security Interest in Collateral

To secure the payment and performance of the Obligations, the Borrower hereby grants and pledges to the Lender a first lien and continuing security interest in the following Collateral:

(a) All Accounts, Deposit Accounts, General Intangibles, Documents, Instruments, Investment Property, Chattel Paper and any other similar rights of the Borrower however created or evidenced, whether now existing or hereafter owned, acquired, created, used, or arising, specifically including, without limitation, invoices, contracts, claims (including but not limited to commercial tort claims), leases, licenses, license agreements, licensing fees, royalties, letters of credit rights, payment intangibles, binders or certificates of insurance, documents of title, securities (including all securities, security entitlements and securities accounts), security interests, goodwill, tax refunds, customer lists, franchises, franchise rights, drawings, designs, marketing rights, Intellectual Property, computer programs and software, artwork, databases and other like business property rights, all applications to acquire such rights, for which application may at any time be made by the Borrower, together with any and all books and records pertaining thereto and any right, title or interest in any Inventory which gave rise to an Account;

(b) All Equipment, Goods and all other tangible personal property of the Borrower of every kind or nature, whether now owned or hereafter acquired, wherever located, specifically including, without limitation, all Goods, machinery, trucks, boats, barges, vehicles, trailers, forklifts, tools, dies, jigs, presses, appliances, implements, improvements, accessories, attachments, parts, components, partitions, systems, carpeting, draperies and apparatus;

(c) All Inventory, whether now existing or hereafter acquired and wherever located, specifically including, without limitation, all merchandise, personal property, raw materials, work in process, finished Goods and other Goods held for sale or lease, materials and supplies of every nature usable or useful in connection with the production, manufacturing, packing, packaging, shipping, advertising, selling, leasing or furnishing of any of such Inventory and all materials of the Borrower used or consumed or to be used or consumed in the Borrower's business, together with any and all books and records pertaining thereto;

(d) All products and Proceeds of each of the foregoing.

(e) All extensions, replacements, renewals, modifications, additions, improvements, accretions, accessions, annexations, tools, accessories, and parts now in, attached to or which may hereafter at any time be placed in or added to any Collateral, whether or not of like kind; and

(f) All rights, remedies, claims and demands under or in connection with each of the foregoing.

3. Borrower's Representations and Warranties. To induce the Lender to make certain financial accommodations, the Borrower represents and warrants to the Lender that:

(a) Name of Borrower. The legal name of the Borrower is "KOCH DEVELOPMENT CORPORATION." Borrower is organized under the laws of the State of Indiana. Set forth on Schedule I hereto is a true, accurate and complete list of all previous legal names of the Borrower and all past and present assumed (or fictitious) names and tradenames of the Borrower.

(b) Historical Transfers. Except as set forth on Schedule 1 hereto, the Borrower has not, within the past five (5) years, ever been conducted as a partnership or proprietorship, no other entity has merged into the Borrower or has been consolidated with the Borrower, and no person or entity has sold substantially all of its assets to the Borrower or sold assets to the Borrower outside the ordinary course of such person's or entity's business.

(c) Borrower's Title to Collateral. All Collateral is lawfully owned by the Borrower, free and clear of any prior security interest, pledge, sale, assignment, transfer, consignment arrangement or agreement or other encumbrance (other than liens described on the attached Schedule 3); the Borrower has the unencumbered right to pledge, sell, assign or transfer the Collateral subject to the permitted liens and to subject the Collateral to the security interest in favor of the Lender herein; except for the liens identified on the attached Schedule 3, no financing statement covering all or any portion of the Collateral is on file in any public office other than in favor of the Lender. The security interest herein constitutes a legal and valid, first priority security interest in the Collateral.

(d) Accounts. Any Account subject to the security interest of the Lender: (1) is a good and valid Account representing an undisputed, bona fide indebtedness incurred by the Account Debtor named therein, for Inventory held subject to delivery instructions or shipped or delivered pursuant to a contract of sale; (2) is for services performed by the Borrower with or for said Account Debtor; (3) is free and clear from setoffs or counterclaims and is not subject to any lien other than the security interest granted hereunder; (4) is not subject to any agreement wherein the Account Debtor on any account may claim a deduction or discount except as shown on the list of such Account furnished the Lender; (5) is owned by the Borrower and the Borrower shall have the right to subject such Accounts to the security interest of the Lender; (6) will not be sold, assigned or transferred to any person other than the Lender or in any other way encumbered and the Borrower will defend the same against any person claiming an interest in such Accounts adverse to the interest of the Lender.

(e) Intellectual Property. Schedule 2 hereto contains a complete and accurate list as of the date hereof of all patented and registered Intellectual Property owned by the Borrower and of all pending applications for the registration of other Intellectual Property owned or filed by the Borrower. Schedule 2 also contains a complete and accurate list of all licenses and other rights granted by the Borrower to any third party with respect to the Intellectual Property and licenses and other rights granted by any third party to the Borrower. Except for permitted liens and except as may be set forth in Schedule 2, (a) the Borrower owns and possesses all right, title and interest in and to, or has a valid and enforceable license to use, all of the Intellectual Property necessary for the operation of the Borrower's business as presently conducted or proposed to be conducted; (b) no claim by any third party contesting the validity, enforceability, use or ownership of any Intellectual Property has been made, is currently outstanding or, to the Borrower's knowledge, is threatened, and, to the Borrower's knowledge, there are no grounds for any such claim; (c) the Borrower has not received any notice of, nor is the Borrower aware of any facts which indicate the likelihood of, any material infringement or misappropriation by, or conflict with, any third party with respect to any Intellectual Property, nor has the Borrower received any claim of infringement or misappropriation of, or other conflict with, any intellectual property rights of any third party; (d) to the best of the Borrower's knowledge, the Borrower has

not materially infringed, misappropriated or otherwise conflicted with any intellectual property rights of any third party, nor is Borrower aware of any material infringement, misappropriation or conflict which will occur as a result of the continued operation of the business of the Borrower as presently conducted or proposed to be conducted; and (e) the Borrower has made or will timely make all necessary filings and recordations (except user filings) and has paid or will pay all required fees and taxes to record and maintain its ownership in its Intellectual Property throughout the world to the extent necessary to conduct Borrower's business as currently being conducted.

(f) Contracts and Leases. All leases of real or personal property and all contracts to which the Borrower is party are in full force and effect. To the best of Borrower's knowledge, no person or entity is challenging or disputing the validity or enforceability of any such leases or contracts, and the Borrower is not in material default under any such leases or contracts.

(g) Equipment and Inventory. Schedule 4 is a true and correct list of all locations where Equipment and Inventory of the Borrower is located (except Inventory in transit) and all locations where Equipment and Inventory of the Borrower has been located in the four (4) months immediately preceding the date of this Agreement. Borrower has not purchased any Equipment and Inventory in a transaction subject to the bulk transfer laws of any state or otherwise outside the ordinary course of the Equipment and Inventory seller's business. If Equipment and Inventory is represented or covered by documents of title, the Borrower is the owner of the documents free of all encumbrances and security interests other than the Lender's and warehousemen's charges, if any, not delinquent.

4. Agreements Concerning Accounts

(a) Location. The Borrower will give the Lender written notice of each office of the Borrower at which records of the Borrower relative to Accounts are kept. Except where such notice is given, all records of the Borrower relative to Accounts are and will be kept at the chief executive offices of the Borrower.

(b) Returns and Repossessions. Prior to the occurrence of a Default, the Borrower may grant, in the ordinary course of business, to any Account Debtor, any rebate, refund or adjustment to which such Account Debtor may be lawfully entitled and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to the obligation of the Account Debtor. After the occurrence of a Default, no discount, credit or allowance shall be granted by the Borrower to any Account Debtor, and no return of Goods shall be accepted by the Borrower without the Lender's prior written consent.

(c) Schedule of Accounts. Upon request by the Lender, the Borrower will, from time to time, deliver to the Lender a schedule identifying each Account ("Schedule of Accounts"), together with such schedules and certificates and reports relative to all or any of the Collateral and the items or amounts received by the Borrower in full or partial payment or otherwise, as Proceeds of any of the Collateral. Each Schedule of Accounts or other schedule, certificate or report shall be executed by its duly authorized officer and shall be in the form specified by the Lender. Any Schedule of Accounts identifying any Account shall be accompanied, if the Lender requests, (a) by a true and correct copy of the invoice evidencing such Account, (b) by evidence

of shipment, delivery or performance, and (c) if such request shall be made after the occurrence of a Default by a duly executed assignment of such Account from the Borrower to the Lender; provided, however, that the Borrower's failure to execute and deliver any such Schedule of Account and/or assignment shall not affect or limit the Lender's security interest or other rights in and to Accounts, and provided, further, that a proper assignment of any Account wherein the United States Government is the Account Debtor may be requested by the Lender at any time whether or not there shall have occurred a Default.

(d) Verification of Accounts. The Lender and its officers, agents, and accountants, may examine, inspect or make abstracts from the Borrower's books and records, and verify returned and repossessed Goods, if any, and arrange for verification of Accounts, under reasonable procedures, directly with the Account Debtors and the Borrower shall furnish to the Lender upon request additional Schedules of Accounts, together with all notes or other papers evidencing the same and any guaranty, securities or other information relating thereto, and shall do, make and deliver all such additional and further acts, things, deeds, assurances and instruments as the Lender may reasonably require.

(e) After Default. After the occurrence of a Default and so long as such Default shall continue to exist, the Borrower:

1. agrees that the Lender may notify any Account Debtor to make payment directly to the Lender of any amounts due or to become due and enforce the collection of any Accounts by suit or otherwise and surrender, release or exchange all or any part thereof, or compromise or extend or renew for a period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby;

2. will note the security interest of the Lender on all records relative to the Collateral including, without limitation, any invoice which evidences an Account;

3. will give notice of the Lender's security interest in the Accounts or any other obligation owing to Borrower by each Account Debtor or any obligor with such notice requiring such Account Debtor or other obligor to pay the Account or other obligation directly to Lender;

4. agrees that whenever the Borrower obtains possession (by return, repossession or otherwise) of any Goods, the sale or lease of which shall have given rise to any of the Collateral, it will (unless the Lender shall otherwise consent in writing) segregate, label and hold such Goods as subject to the security interest of the Lender hereunder, and will, at its own expense, dispose of such Goods in such manner as the Lender may from time to time direct.

(f) Accounts Owed by the Federal Government. If any Account shall arise out of a contract with the United States of America, or any department, agency, subdivision, or instrumentality thereof, the Borrower shall promptly notify the Lender thereof in writing and shall take all other action requested by the Lender to protect the Lender's security interest in such Account under the provisions of the Federal Assignment of Claims Act, as amended.

(g) Assignment of Security Interests. If, at any time the Borrower shall take and perfect a security interest in any property of an Account Debtor or any other person or entity to secure payment or performance of an Account, the Borrower shall promptly, upon the request of the Lender, assign such security interest to the Lender.

5. Agreements Concerning General Intangibles

(a) Maintenance of Intellectual Property. Borrower shall have the duty to do any and all acts which are necessary to preserve and maintain all material rights in the Intellectual Property.

(b) Opposition Proceedings. Unless and until there shall have occurred and be continuing a Default, Borrower shall retain the legal and equitable title to the Intellectual Property and shall have the right to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce, protect and use the Intellectual Property in the ordinary course of its business, but shall not be permitted, except with the prior written consent of the Lender, to sell, assign, transfer or otherwise encumber the Intellectual Property, other than licensings or other dispositions in the ordinary course of business or to resolve litigation or disputed claims brought or made by unrelated parties.

(c) Verification of Intellectual Property. The Lender and its officers, agents, attorneys and accountants, may verify the Intellectual Property and all licenses and other agreements with respect thereto, under reasonable procedures, directly with licensees or by other methods, and the Borrower shall furnish to the Lender upon request schedules of Intellectual Property and licenses, together with other information relating thereto, and shall do, make and deliver all such additional and further acts, things, deeds, assurances and instruments as the Lender may reasonably require with respect to the Intellectual Property, including, without limitation, the licenses. The Borrower shall promptly notify the Lender if it knows that any material application or registration relating to Intellectual Property may become abandoned or dedicated to the public, or of any material adverse determination or development (including any claim) regarding the Intellectual Property or any material license with respect thereto, or regarding its right to register, keep and maintain the same, or if it knows that a material item of Intellectual Property is materially infringed or misappropriated by a third party, and, in any such event, unless (a) the Lender or (b) the Borrower in the exercise of its reasonable business judgment after having considered the advice of reputable intellectual property counsel shall have determined that litigation is inappropriate or unadvisable, promptly sue for infringement or misappropriation. The Lender shall keep all information received pursuant to this paragraph confidential, except i) as disclosure of such information may be necessary to enforce any rights Lender may have hereunder, ii) as otherwise may be required by local, state and federal laws and regulations, iii) as such information is requested by appropriate judicial or governmental proceedings, or iv) as such information is or becomes generally available to the public by means other than the acts or omissions of Lenders or their agents.

6. Agreements Concerning Inventory

(a) Locations. Except where written notice is given to Lender, all Inventory is and shall be kept at the locations set forth on Schedule 4 hereto.

(b) Sales of Inventory. The Borrower may, in the ordinary course of business, at its own expense, sell, lease or furnish under contracts of sale or service, any of the Inventory normally held by the Borrower for such purpose (a sale in the ordinary course of business does not include a transfer in total or partial satisfaction of a debt), and use and consume, in the ordinary course of business, any raw materials, work-in-process, finished goods or materials normally held by it for such purpose.

(c) Condition of Inventory; Books and Records. Borrower shall keep all Inventory in good order and in a commercially marketable condition and shall maintain full, accurate and complete books and records with respect to its Inventory at all times.

(d) Warehousemen and Landlords. Except for the warehousemen disclosed to the Lender, Borrower shall not store any material portion of its Inventory with any bailee, warehouseman, or similar entity. The Borrower shall provide the Lender with copies of all agreements between the Borrower and any bailee, warehouseman, or similar entity and shall deliver to the Lender a landlord's or warehouseman's lien waiver in a form acceptable to the Lender, prior to entering into any material lease for warehouse storage or business facilities with any warehouseman other than those disclosed to the Lender prior to the date hereof

(e) Consigned Inventory. If at any time any of the Inventory is placed by the Borrower on consignment with any consignee, Borrower shall, prior to delivery of such consigned Inventory (a) provide the Lender with all consignment agreements and other instruments and documentation to be used in connection with such consignment (all of which shall be in a form reasonably acceptable to the Lender); (b) prepare, execute and file appropriate financing statements with respect to any consigned Inventory showing the consignee as Borrower, the Borrower as secured party, and the Lender as assignees of the secured party; (c) prepare, execute and file appropriate financing statements with respect to any consigned Inventory showing the Borrower, as Borrower, and the Lender, as secured parties; (d) conduct a search of all UCC filings made against the consignee in all jurisdictions in which Inventory to be consigned are to be located while on consignment, and furnish copies of such results to the Lender; and (e) notify in writing all creditors of the consignee that are or may be holders of security interests in the Inventory to be consigned that the Borrower expects to deliver certain Inventory to the consignee.

7. Agreements Concerning Equipment

(a) Locations. Except where written notice is given, the Equipment will be kept at or based at locations set forth on Schedule 4 hereto.

(b) Titled Equipment. If Borrower now or hereafter has any vehicles, aircraft, watercraft, or other Equipment for which a certificate of title has been issued by a governmental authority, the Borrower shall, at the request of Lender, immediately deliver to the Lender,

properly endorsed, each certificate of title or application for title or other evidence of ownership for each such item of Equipment, and the Borrower shall take all actions necessary to have the Lender's security interest properly recorded on each such certificate of title and shall take all other steps reasonably necessary to perfect the Lender's security interest in such Equipment.

(c) Transfers of Equipment. Borrower may from time to time substitute Equipment, provided that (a) the substituted Equipment is not subject to any lien or other encumbrance (except permitted liens) and has a fair market value at least equal to the fair market of the Equipment for which it is substituted; (b) the marketability and operating integrity of Borrower's Equipment after such substitution is not impaired; (c) the Equipment substituted for is no longer used or useful in the operation of Borrower's business and is sold in arm's length transaction in exchange for money or monies' worth at least equal to the fair market value of such Equipment substituted for; and (d) no Default has occurred and is continuing.

(d) Fixtures. The Borrower shall not permit any item of Equipment to become a fixture to real estate or an accession to any other property not subject to the Lender's security interest herein without the prior written consent of the Lender. If any Equipment is or will be attached to real estate in such a manner as to become a fixture, and such real estate is encumbered, the Borrower will obtain from the holder of such real estate encumbrance a written consent and subordination to the security interest hereby granted, or a written disclaimer of any interest in such Collateral, in a form reasonably acceptable to the Lender.

8. General Provisions Concerning Collateral

(a) Preservation of Collateral. Borrower will keep the Collateral in good order and repair and will not waste or destroy the Collateral or any portion thereof. Borrower will not use the Collateral in violation of any statute or ordinance or any policies of insurance thereon and the Lender may examine and inspect such Collateral at any reasonable time or times wherever located.

(b) Further Assurances. The Borrower agrees to do such reasonable acts and things and deliver or cause to be delivered such other documents as the Lender may deem necessary to establish and maintain a valid security interest in the Collateral (free of all other liens and claims except permitted liens) to secure the payment and performance of the Obligations and to defend title to the Collateral against any person or entity claiming any interest therein adverse to the Lender. The Borrower authorizes the Lender, at the expense of the Borrower, to execute and file, without Borrower's signature thereon, a financing statement or statements on its behalf in those public offices deemed advisable or necessary by the Lender or the Lender to protect the security interests of the Lender herein granted. If permitted by law, the Borrower agrees that a carbon, photographic or other reproduction of this Security Agreement or of a financing statement may be filed as a financing statement.

(c) Insurance.

(i) The Borrower shall have and maintain at all times, with respect to Goods, Inventory and Equipment insurance coverage currently existing as represented by

the proof of insurance provided by Borrower pursuant to Section 4.10 of the Loan Agreement. Such insurance shall be payable to the Borrower and the Lender, as their interests may appear. The Lender's interest shall be covered through a standard non-contributory lender's loss payable clause. The insurance certificates evidencing the Borrower's compliance with the above shall be deposited with the Lender, and in the event the Borrower fails to file and maintain such insurance, the Lender may, at its option, purchase such insurance and the cost of such insurance shall become a Liability secured by these presents and all sums expended shall bear interest at the highest default rate of interest set forth in the Note until paid.

(d) Collection of Collateral. The Borrower will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any Collateral including the taking of such action with respect to such collection as the Lender may reasonably request or, in the absence of such request, as the Borrower may deem advisable.

(e) Lender May Defend Title. In the event the Borrower fails to pay any taxes, assessments, premiums, or fees, or fails to discharge any liens or claims against the Collateral required to be paid or discharged by the Borrower, or fails to purchase, maintain and file with the Lender any insurance required by this Security Agreement, or if any such insurance is inappropriate to the situation, in the Lender's reasonable discretion, the Lender may, without demand or notice, pay any such taxes, assessments, premiums or fees, or pay, acquire, satisfy or discharge any liens or claims asserted against the Collateral (without any obligation to determine the validity thereof), or purchase any such insurance. All sums so expended by the Lender shall become a Liability secured by these presents and shall bear interest at the highest default rate of interest set forth in the Note until paid.

(f) Negotiable Collateral. If any Collateral, including Proceeds, consists of a letter of credit, advice of credit, Instrument, money, certificates of deposit, negotiable Documents, chattel paper or similar property, the Borrower shall, immediately upon receipt thereof and at the request of Lender, endorse and assign such Collateral, and deliver actual physical possession thereof, to the Lender.

(g) Contracts. The Borrower shall remain liable to perform its obligations under any contracts included in the Collateral to the extent as though this Security Agreement had not been entered into, and the Lender shall not have any obligation under any such contracts by reason of this Agreement.

(h) Lender's Right to Inspection. The Borrower shall at all reasonable times, allow the Lender, its officers, attorneys and accountants, to examine, inspect or make abstracts from the Borrower's books and records and to verify Inventory both as to quantity and quality and to arrange for verification of Accounts under reasonable procedures directly with the Account Debtors or by other methods; shall furnish to the Lender upon request additional statements of any Account, together with all notes or other papers evidencing the same and any guaranty, securities or other information relating thereto; and shall do, make, and deliver all such

additional and further acts, things, deeds, assurances and instruments as the Lender may require to further protect its interest in or rights to the Collateral.

(i) Transfer of Collateral. Borrower shall not sell, lease, license, transfer or otherwise dispose of or encumber any interest in any Collateral except (i) sales of Inventory in the ordinary course of business pursuant to Section 6(b); (ii) licensings and other dispositions of Intellectual Property in the ordinary course of business pursuant to Section 5(a); and (iii) liens on the Collateral and other encumbrances that are permitted liens.

(j) State of Formation. Borrower shall notify the Lender in writing, such notice to be received by the Lender at least thirty (30) days in advance, of any change in its state of formation.

(k) Notice of Commercial Tort Claims. Borrower shall promptly notify the Lender in writing of the existence of any commercial tort claims.

9. Remedies

(a) Remedies Generally; Power of Sale. Upon the occurrence of any Default and at any time thereafter, the Lender shall have all rights and remedies available at law or in equity including, without limitation, the rights and remedies of a secured party under the Uniform Commercial Code (regardless of whether the Code has been enacted in the jurisdiction where rights or remedies are asserted), including, without limitation, the right to take possession of the Collateral, and for that purpose the Lender may, so far as the Borrower can give authority therefore, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Lender shall give to the Borrower at least ten (10) days' prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Lender may in its discretion transfer any securities or other property constituting Collateral into its own name or that of its nominee and receive the income thereon and hold the same as security for the Obligations or apply it on principal or interest due on the Obligations. In the event that the Lender takes possession of any Intellectual Property, the goodwill associated with any trademarks, tradenames, trade dress, and service marks of the Borrower shall be transferred to the Lender.

(b) Deposits. Any and all Deposit Accounts, deposits or other sums at any time credited by or due from any Lender to the Borrower shall at all times constitute security for any and all Obligations, and such Lender may apply or set off such deposits or other sums against Obligations at any time in Default whether or not the Obligations are then due or other Collateral is considered by the Lender to be adequate.

(c) Waiver and Amendment. Except as otherwise expressly set forth herein, to the extent permitted by law, the Borrower waives demand, notice, protest, notice of acceptance of this Security Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both Obligations and Collateral, the Borrower assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange, or release of Collateral, to the addition or release of any party primarily or secondarily liable, to the

acceptance of partial payments thereon and the settlement, compromise or adjustment of any thereof, all in such manner and at such time or times as the Lender may deem advisable. Except as otherwise provided by law, the Lender shall not have any duty as to the collection or protection of the Collateral, or any income therefrom, or as to the preservation of rights against prior parties or as to the preservation of any rights pertaining thereto beyond the safe custody thereof. The Lender may exercise its rights with respect to Collateral without resorting to or regard to other Collateral or sources of reimbursement for any Liability. Lender shall not be deemed to have waived any of these rights upon or under the Obligations or Collateral unless such waiver be in writing and signed by the Lender. No delay or omission on the part of the Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to the exercise of any right on any future occasion. All rights and remedies of the Lender as to the Obligations or Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singly, successively or together. The Lender may, from time to time, without notice to the Borrower (a) retain or obtain a security interest in any property of any other party, in addition to the Collateral, to secure any of the Obligations; (b) retain or obtain the primary or secondary liability of any party, in addition to the Borrower with respect to any of the Obligations; (c) extend or renew for any period (whether or not longer than the original period) or release or compromise any liability of any party or parties primarily or secondarily liable to the Lender under the Judgment; (d) release its security interest in any of the property securing any of the Obligations and permit any substitution or exchange for any such property; and (e) resort to the Collateral for the payment of any of the Obligations whether or not it shall have resorted to any other property or shall have proceeded against any party primarily or secondarily liable for any of the Obligations. Lender shall not, under any circumstances, or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the liquidation of any Collateral, including the settlement or collection of any Account or for any damage resulting therefrom, absent a showing of negligence, bad faith or willful misconduct. This Security Agreement may be amended only by a writing duly signed by the Lender and the Borrower.

(d) Expenses; Proceeds of Collateral. The Borrower shall pay to the Lender on demand any and all reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred or paid by the Lender in protecting or enforcing its rights upon or under the Obligations or the Collateral or the existence, perfection or priority of the Lender's security interest therein. After deducting all of such expenses, the residue of any proceeds of collection or sale of the Collateral shall be applied to the payment of principal, interest, or fees on Obligations in such order of preference as the Lender may determine, proper allowance for interest on Obligations not then due being made, and any excess shall be returned to the Borrower.

(e) Power of Attorney. The Borrower hereby irrevocably appoints the Lender's designees from time to time its true and lawful attorneys-in-fact, with full power of substitution in the premises upon the occurrence of a Default and so long as such Default continues to exist (a) to demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose or realize upon the Collateral in such manner as the Lender may determine, whether or not the Collateral is then due; (b) to receive, open, and dispose of mail addressed to the Borrower; (c) to endorse notes, checks, drafts, money orders, Documents or other evidences of payment, shipment or storage or any form of Collateral on behalf of and in the name of the Borrower; (d) to sign and send on

behalf of the Borrower any invoice or bill of lading relating to any Account, on drafts against customers, on schedules and assignments of Accounts, on notices of assignment, financing statements and other public records, on verifications of Accounts and on notices to customers; (e) to sign the Borrower's name to the proofs of claim against any Account Debtor on behalf of the Borrower; (f) to notify the post office authorities to change the address for delivery of the Borrower's mail to an address designated by the Lender; (g) to endorse Borrower's names on all applications, documents, papers, certificates and instruments necessary or expedient for the Lender to use the Intellectual Property, or necessary or expedient to grant or issue any exclusive or nonexclusive license under the Intellectual Property to anyone else, or necessary or expedient for the Lender to assign, pledge, convey or otherwise transfer title in, or dispose of, the Intellectual Property to anyone else, for the purpose of recording, registering, filing or accomplishing any other formula with respect to the Intellectual Property; and (h) to do all things reasonably necessary to carry out this Security Agreement. The Lender will not be liable for any acts or omissions nor for any error of judgment or mistake of fact or law, absent negligence, bad faith or willful misconduct. This power, being coupled with an interest, is irrevocable until the Obligations have been fully satisfied. Notwithstanding anything herein to the contrary, no attorney acting pursuant to this Section 9(e) shall have any authority to confess judgment on behalf of the Borrower. Additionally, Borrower agrees that Lender may file financing statements signed only by Lender, including financing statements covering "all assets" or the like.

(f) License. Borrower hereby grants to the Lender a license to use, without charge, Borrower's Intellectual Property and other Collateral in completing production of, advertising for sale, or selling any Collateral after any Default, and all of the Borrower's rights under all licenses and franchise agreements shall, in such event, inure to the Lender. In addition, the Borrower shall, upon request by Lender, make available such personnel in Borrower's employ on the date of any Default as the Lender may reasonably designate to permit the Lender or the Lender to continue, directly or indirectly, to produce, advertise and sell the Collateral sold by the Borrower under any Intellectual Property or license. The license herein shall include the right of the Lender to use, assign, license or sublicense any of the Borrower's Intellectual Property, including in such license reasonable access as to all media in which any of the licensed items may be recorded or stored; provided that the Lender shall comply with all pre-existing quality control standards and trademark use requirements of the Borrower. No agreements hereafter entered into by the Borrower shall prohibit, restrict or impair the rights of the Lender granted hereunder.

(g) Reinstatement. To the extent that the Borrower makes a payment or payments to the Lender or the Lender enforces its security interest and lien or exercises its right of setoff, and such payments or the Proceeds of such enforcement are set off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee or receiver or any other party under any insolvency law, state or federal law, common law or equitable cause, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred and shall be Obligations secured by the Collateral. The Lender may, at any time or times, pay, acquire, satisfy, or discharge any security interest, lien, encumbrance or claim asserted by any party against the Collateral; provided, however, that the Lender shall take reasonable measures to

notify the Borrower of its intention to pay any such claim but the failure to give such notice shall not invalidate any action taken by the Lender. The Lender shall not have any obligation to determine the validity thereof. All sums paid by the Lender under the provisions of this paragraph and any existing or other charges relating thereto shall be repaid to Lender by Borrower on demand, shall be deemed an advance under the Agreement and shall bear interest at the highest default rate set forth in the Note.

(h) No Marshaling. The Borrower, on its own behalf and on behalf of its successors and assigns, hereby expressly waives all rights, if any, to require a marshaling of assets by the Lender or to require the Lender's first resort to some or any portion of the Collateral before foreclosing upon, selling or otherwise realizing on any other portion thereof.

10. Miscellaneous Provisions

(a) Notices. All notices hereunder shall be at the addresses set forth above.

(b) Governing Law. This Security Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by the Uniform Commercial Code and other applicable laws of the State of Indiana, without regard to conflict of law principles.

(c) Severability. Whenever possible each provision of this Security Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. The Borrower recognizes that the Lender has relied on this Security Agreement in extending credit to the Borrower and agrees that such reliance by the Lender shall be sufficient consideration for this Security Agreement.

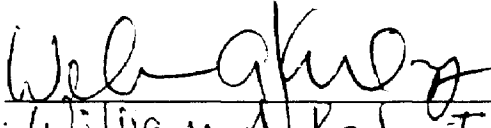
(d) Binding on Successors. The rights, privileges and obligations of the Parties shall inure to the benefit of and be binding upon their respective successors and assigns.

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(e) Jury Waiver. THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM, WHETHER IN CONTRACT OR TORT, AT LAW OR IN EQUITY, ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT. NO OFFICER OF THE LENDER HAS AUTHORITY TO WAIVE, CONDITION, OR MODIFY THIS PROVISION.

IN WITNESS WHEREOF, the Borrower has caused this Security Agreement to be executed by its officer duly authorized as of the date first above written.

KOCH DEVELOPMENT CORPORATION


By: 
Printed: William A. Koch, Jr.
Its: President

STATE OF INDIANA)
):
COUNTY OF VANDERBURGH)

Before me, the undersigned Notary Public in and for said County and State, came **KOCH DEVELOPMENT CORPORATION** by William A. Koch, Jr. its President, who, as such Officer, acknowledged the execution of the foregoing document for and on behalf of said corporation.

WITNESS my hand and notarial seal this 15th day of July, 2003.

My county of residence is
Vanderburgh County,
State of Indiana, and
My commission expires:
12/12/07


NOTARY PUBLIC
Lori A. Young
PRINTED NAME

SCHEDULE 1

All Previous & Legal Assumed Names of Borrower

Koch Development Corporation
Holiday World & Splashin' Safari
Lake Rudolph Campground & Outdoor Resort
Holiday Village
Kringle's Shopping Center
Santa Claus Land, Inc.

SCHEDULE 2

INTELLECTUAL PROPERTY, LICENSES

1. Trademark Registrations. Holiday World - Reg. No. 1,322,620; Reg. Date: 2/26/85; Owner of Record: Santa Claus Land, Inc. Splashin' Safari - Reg. No. 1,832,474; Reg. Date: 4/19/94; Owner of Record: Koch Development Corp.
2. Trademark Applications. Applications preparing to be filed with the U.S. Federal Trademark Office (will be filed within the next couple of weeks). Marks: ZOOMBABWE, RAVEN, LEGEND, OTORONGO, ZINGA and FREE UNLIMITED SOFT DRINKS.
3. Patents: None that I am aware of currently.
4. Patent Applications: None that I am aware of currently.
5. Registered Copyrights: None that I am aware of currently.
6. Trademark Licenses: None that I am aware of currently.
7. Technology Licenses: None that I am aware of currently.

Schedule 3

Permitted Liens

Secured Party	Date	Instrument No.	Filing Location
Deere Credit, Inc.	11/7/97	2155876	Indiana Secretary of State

Schedule 4

List of Locations of Collateral

452 E. Christmas Blvd.
P.O. Box 179
Santa Claus, IN 47579