

10-3-03

05-05-2004

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



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

102699667

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

1. Name of conveying party(ies):  
Dynacraft LLC

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

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

3. Nature of conveyance:  
 Assignment       Merger  
 Security Agreement       Change of Name  
 Other \_\_\_\_\_

Execution Date: 06/30/03

2. Name and address of receiving party(ies)  
 Name: HSBC Business Credit (USA) Inc.  
 Internal  
 Address: \_\_\_\_\_  
 Street Address: 452 Fifth Avenue  
 City: New York State: NY Zip: 10018

Individual(s) citizenship \_\_\_\_\_  
 Association \_\_\_\_\_  
 General Partnership \_\_\_\_\_  
 Limited Partnership \_\_\_\_\_  
 Corporation-State Delaware  
 Other \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
 (Designations must be a separate document from assignment)  
 Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or registration number(s):  
 A. Trademark Application No.(s) \_\_\_\_\_  
See Exhibit A attached

B. Trademark Registration No.(s) \_\_\_\_\_  
See Exhibit A attached

Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:  
 Name: Christopher G. Dorman  
 Internal Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Street Address: Phillips Lytle LLP  
437 Madison Avenue, 34th Flr.  
 City: New York State: NY Zip: 10022

6. Total number of applications and registrations involved: 155

7. Total fee (37 CFR 3.41).....\$ 3,890.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

DO NOT USE THIS SPACE

9. Signature.  
 Christopher G. Dorman  
 Name of Person Signing

Signature

October 1, 2003  
 Date

Total number of pages including cover sheet, attachments, and document: 30

RECEIVED OPR  
OCT-3 PM 1:2  
COMMUNICATION DIV

10/02/2003 ECOMPER 00000154 192673  
01 FC:0521 44.00 EP  
02 FC:0522 356.00 EP

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

Exhibit A

(from Dynacraft Industries, Inc. (Massachusetts) to Dynacraft LLC)

(Intellectual Property)

Trademarks

<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
<i>United States</i>		28
ABCYCLE & Design	R- 1,932,673	11/07/95
AFTERSHOK	R- 2,195,292	10/13/98
AIR BLAST	A- 78/158,348	08/27/02
AIR TENSION	R- 2,196,610	10/13/98
ALPINE EAGLE	R- 1,461,817	10/20/87
ANIALATOR	R- 2,101,958	09/30/97
ANZA	R- 2,117,786	12/02/97
BARE BONES	R- 1,905,567	07/18/95
BEDAZZLED	R- 1,846,191	07/19/94
BEAR ESSENTIALS	R- 2,046,141	03/18/97
BLADE	R- 2,258,322	07/06/99
BLAST ZONE	R- 1,920,831	09/19/95
BOLD	A- 76/366,347	02/04/02
BREAKPOINT	R- 1,732,875	11/17/92
BULGE	R- 2,561,837	04/16/02
BUSTED	R- 2,688,485	02/18/03
BUSTER MX	R- 2,594,117	07/16/02
B-WILD	R- 2,562,525	04/16/02
CANNED	R- 2,566,199	04/30/02
CANYON ROADS	R- 2,564,336	04/23/02
CATAPULT	R- 2,400,988	10/31/00
CHARMER	R- 2,336,192	03/28/00
CLIFF RUNNER	R- 2,414,398	12/19/00
CLUTCH	R- 2,605,906	08/06/02
D & Design	R- 2,422,102	01/16/01
DAGGER	R- 2,160,445	05/26/98
DECOY	R- 2,580,247	06/11/02
DEKRA	R- 2,392,346	10/03/00

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DIGG'N DINO	R- 2,153,705	04/28/98	34
DIRT JUMPER	R- 2,624,500	9/24/02	
DIRT STORM	R- 2,642,445	10/29/02	
DIRT ZASTER	R- 1,872,411	01/10/95	
DOUBLE DIVIDE	R- 2,009,131	10/15/96	
DYNACRAFT	R- 1,421,836	12/23/86	
ECHO RIDGE	R- 1,871,235	01/03/95	
ELECTROSHOCK	R- 2,220,985	01/26/99	
EQUATOR	R- 2,311,902	01/25/00	
EXHAUST	A- 76/138,932	10/02/00	
FLIP 400	R- 1,999,726	09/10/96	
FUGATIVE	R- 1,579,976	01/30/90	
GIRL TALK	R- 2,060,029	05/06/97	
GLACIER POINT	R- 1,882,070	03/07/95	
GLAMOUR GIRL	R- 1,971,383	04/30/96	
GLAMOUROUS	R- 1,793,594	09/21/93	
GLITZ & GLAMOUR	R- 1,999,724	09/10/96	
GRAND LEDGE	R- 2,154,918	05/05/98	
GREAT DIVIDE	R- 1,697,527	06/30/92	
HIGH FASHION	R- 1,926,393	10/10/95	
HOCUS POCUS	R- 2,414,112	12/19/00	
IMPOSTER	A- 76/198,000	01/22/01	
INVADER	A- 76/411,575	05/23/02	
ISLAND BREEZE	R- 1,918,798	09/12/95	
JAZZY CATS	R- 2,038,936	02/18/97	
JEWELS & PEARLS	R- 2,483,590	08/28/01	
KEEPSAKES	R- 2,562,461	04/16/02	
KID'S CLASSIC	R- 2,489,403	09/11/01	
KRUSHER	R- 2,705,389	04/08/03	
LADY N PINK	R- 1,907,272	07/25/95	
LOOK 'N GOOD	R- 1,998,264	09/03/96	
MAGNA GEAR	R- 2,015,894	11/12/98	
MAJESTIC	R- 2,246,526	05/18/99	
MAJOR DAMAGE	R- 1,830,282	04/12/94	

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TRADEMARK  
REEL: 002845 FRAME: 0707

MALIBU	R- 1,447,364	07/14/87	
MAUI MISS	R- 1,823,686	02/22/94	34
MAXX TRAX	R- 2,060,017	05/06/97	
MEDIEVAL MADNESS	R- 2,105,602	10/14/97	
MISFIT	A- 76/147,688	10/16/00	
MISTY	R- 1,893,066	05/09/95	
MODERN CRAZE	R- 1,998,269	09/03/96	
MOLTEN	R- 2,369,380	07/18/00	
MOUNTAIN EAGLE	R- 1,701,666	07/21/92	
MTN TAMER	R- 1,936,707	11/21/95	
MTN. RIDGE	R- 2,454,083	05/22/01	
MYSTICAL PASSION	R- 2,109,247	10/28/97	
NEXT	R- 2,076,524	07/01/97	
NO MORE BORING BIKES	R- 2,022,168	12/10/96	
NORTHERN CASCADE	R- 2,422,176	01/16/01	
NORTHERN RIDGE	R- 1,937,308	11/21/95	
OASIS	R- 2,038,923	02/18/97	
OBSIDION	R- 2,414,731	12/19/00	
OUTCAST	R- 2,504,667	11/06/01	
OUTREACH	R- 1,711,544	09/01/92	
OZONE 500	R- 2,308,953	01/18/00	
PAINKILLER	R- 2,371,678	07/25/00	
PARADISE COVE	R- 2,103,442	10/07/97	
PRECIOUS PEARLS	R- 2,008,470	10/15/96	
PRETTY IN PINK	R- 2,007,225	10/08/96	
PROSLAMMER	R- 2,149,335	04/07/98	
PULSE	R- 2,105,486	10/14/97	
PUPPY FUN	R- 2,291,103	11/09/99	
REBOUND	R- 1,997,003	08/27/96	
RED CANYON	R- 1,849,206	08/09/94	
RED RIDGE	R- 1,843,591	07/05/94	
REFUGE	R- 2,223,270	02/09/99	
RETZAR	R- 2,515,368	12/04/01	
RHINO	R- 2,211,547	12/15/98	

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	RHINO & DESIGN	R- 2,316,706	02/08/00	34
	RIP CLAW	R- 2,186,840	09/01/98	
	RIP CURL	R- 1,880,527	02/28/95	
	RIP TIDE	R- 2,456,462	05/29/01	
	RIP TRAXX	A- 76/237,959	04/03/01	
	ROAD BLOCK	R- 1,842,862	07/05/94	
	ROAD IMPRESSIONS	R- 1,440,544	05/26/87	
	SANDY TRAILS	R- 1,815,819	01/11/94	
	SAPPHIRE	R- 2,548,400	03/12/02	
	SCREAMER	R- 1,928,493	10/17/95	
	SHAKE DOWN	R- 2,641,008	10/22/02	
	SHALE	R- 1,640,402	04/09/91	
	SHEER FUN	R- 1,584,540	02/27/90	
	SHOCK ZONE	R- 2,392,233	10/03/00	
	SHOCKEDGE	R- 2,450,218	05/08/01	
	SILVER CANYON	R- 2,011,144	10/22/96	
	SIX ISLANDS	R- 1,907,275	07/25/95	
	SKYQUEST	R- 2,219,718	01/19/99	
	SPELLBOUND	R- 1,833,278	04/26/94	
	SPLASH	R- 1,690,077	06/02/92	
	STAR BURST	R- 1,440,543	05/26/87	
	STITCH	R- 2,560,335	04/09/02	
	STRANDED	R- 2,226,672	02/23/99	
	STREET BLADE	R- 1,918,790	09/12/95	
	STREET DEMON	R- 1,421,837	12/23/88	
	STRYKA	R- 2,223,254	02/09/99	
	STYLE OUT	R- 2,296,944	11/30/99	
	SURGE	A- 78/240,651	04/22/03	
	SWEET MISTY	R- 1,453,136	08/18/87	
	TANZIER	R- 2,038,935	02/18/97	
	THORAX	R- 2,312,530	01/25/00	
	THREAT	R- 2,232,914	03/16/99	
	TOTAL MADNESS	R- 1,998,266	09/03/96	
	TROPICAL BLAST	R- 1,920,832	09/19/95	

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	TURBO FORCE 1000	R- 1,785,437	08/03/93	2619
	TURBO WORKS	R- 1,739,677	12/15/92	
	TURN-N-BURN	R- 2,277,817	09/14/99	
	TWILIGHT TWIST	R- 2,038,916	02/18/97	
	VAPORIZER	R- 2,038,992	02/18/97	
	VERMILION	R- 2,145,509	03/17/98	
	VERTICAL	R- 2,255,373	06/22/99	
	VERTICAL & Design	R- 2,314,698	02/01/00	
	VERVE	R- 2,394,275	10/10/00	
	VINTAGE	R- 1,882,067	03/07/95	
	WAIKIKI	R- 2,154,922	05/05/98	
	WALL ROX	R- 1,998,265	09/03/96	
	WALLA KOALA	R- 1,999,727	09/10/96	
	WAVERIPPER	R- 2,512,561	11/27/01	
	WHOMP	R- 2,392,306	10/27/00	
	WIPE OUT	R- 2,292,638	11/16/99	
	X-CCELERATE	R- 2,439,485	03/27/01	
	X-MAGS	R- 2,587,789	07/02/02	
	ZANZIBAR	R- 1,997,004	08/27/96	
<i>Australia</i>				
	ANIALATOR	703500	02/28/96	
	GIRL TALK	703499	02/28/96	
	GLACIER POINT	702058	02/08/98	
	MAJOR DAMAGE	702060	02/08/96	
	PRETTY IN PINK	702059	02/08/96	
	SILVER CANYON	702057	02/08/96	
	SLICK ROCK TRAILS	703498	02/28/96	

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**Patents**

<i>Patent Title</i>	<i>App/Reg. Number</i>	<i>App/Reg. Date</i>
<b>United States</b>		
Bicycle Bag	DES 367,034	02/13/96 5
Bicycle Bag	DES 366,447	01/23/96
Bicycle Bag	DES 366,446	01/23/96
Handlebar Mounted Container for Bicycles	D 430,120	08/29/00
Skateboard Carton	5,029,702	07/09/91
<b>China</b>		
Non-Tension Spoke Wheel	1,104,123	(date written in the Chinese dialect)
<b>Germany</b>		
Non-Tension Spoke Wheel	101 16 071.2 (A)	03/30/01
<b>Taiwan</b>		
Handlebar Mounted Container for Bicycles	88303024	02/16/99
Non-Tension Spoke Wheel	90105003 (A)	03/05/01
<b>United Kingdom</b>		
Non-Tension Spoke Wheel	GB2368320	02/07/01

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(from Dynacraft Industries, Inc. (Nevada) to Dynacraft LLC)

(Intellectual Property)

<i>Trademark</i>	<i>Reg. /App. Number</i>	<i>Reg. / App. Date</i>
<b>United States</b>		
MAGNA	R- 1,531,887	03/28/89
MAGNA M & Design	R- 1,551,816	08/15/89
M MAGNA & Design	R- 1,882,061	03/07/95
MAGNA & Design	R- 1,315,668	01/22/85
MAGNA FORCE	R- 1,346,446	07/02/85
MAGNA VOGUE SERIES	R- 1,861,749	11/08/94
<b>Australia</b>		
MAGNA	A623826	03/01/94
<b>Benelux</b>		
MAGNA	R- 493189	02/15/91
<b>France</b>		
MAGNA	R- 1680155	02/18/91
<b>Germany</b>		
MAGNA	R- 2008127	01/13/92
<b>Italy</b>		
MAGNA	621443	06/09/94
MAGNA	665 2001 MI	01/23/01
<b>Mexico</b>		
DYNACRAFT	383235	05/18/89
MAGNA	372443	05/18/89
MAGNA "M"	372444	05/18/89
<b>Portugal</b>		
MAGNA	271-588	2/15/93
<b>South Korea</b>		
MAGNA	161493	11/01/88

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## **TRADEMARK SECURITY AGREEMENT**

AGREEMENT made this 30<sup>th</sup> day of June, 2003 between DYNACRAFT LLC, a Delaware limited liability company ("Debtor"), having an address at 2550 Kerner Boulevard, San Rafael, California 94901, HSBC BUSINESS CREDIT (USA) INC., a corporation formed under the laws of Delaware ("Secured Party"), having an office at 452 Fifth Avenue, New York, New York 10018.

### **WITNESSETH:**

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Exhibit A annexed hereto and made a part hereof; and

WHEREAS, Secured Party and Debtor have or are about to enter into financing arrangements pursuant to which Secured Party will make a term loan ("Term Loan") to Debtor in accordance with the terms and conditions of a Term Loan Agreement dated of even date herewith between Secured Party and Debtor (the "Loan Agreement"), which Term Loan shall be evidenced by a term note dated the date hereof by Debtor in favor of Secured Party (the "Term Note", and together with the Loan Agreement and such other documents, instruments or agreements executed in connection therewith, as the same may be amended, restated or replaced from time to time, being collectively referred to herein as the "Transaction Documents"); and

WHEREAS, a portion of the proceeds of the Term Loan will be used by Debtor to acquire certain trademarks from Dynacraft Industries, Inc.;

WHEREAS, in order to induce Secured Party to make the Term Loan to Debtor, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein and in a General Security Agreement dated the date hereof;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Debtor agrees as follows:

#### **1. GRANT OF SECURITY INTEREST**

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing first priority security interest in and a general lien upon all of Debtor's now existing or hereafter acquired right, title, and interest in and to all of Debtor's trademarks, trade names, trade styles, service marks, prints and labels on which said trademarks, trade names, tradestyles and service marks have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all right, title and interest of Debtor therein and thereto, and all applications, registrations and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including, but not limited to, those trademarks, terms, designs and applications described in Exhibit A annexed hereto and made a part hereof, and (i) all reissues, extensions or renewals thereof, (ii) the goodwill of the business symbolized by each of the Trademarks, all customer lists and other records of Debtor relating to the

distribution of products bearing the Trademarks and each of the registrations or applications described in Exhibit A ("Trademarks"); (iii) all present and future licenses of any such Trademarks, including, without limitation, the licenses described on Exhibit B annexed hereto and made a part hereof ("Licenses") and all royalties, fees and other payments of any kind at any time due or owing to, or received or receivable by, Debtor under or with respect to any such Licenses; and (iv) any and all proceeds of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or the Licenses (all of the foregoing are collectively referred to herein as the "Collateral").

## 2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement secure the payment of the Obligations (as such term is defined in the Loan Agreement), including, without limitation, the Term Loan.

## 3. REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to Debtor's representations, warranties and covenants contained in any of the other Transaction Documents, Debtor hereby represents, warrants and covenants to Secured Party the following (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which, or compliance with, being a continuing condition of the making of loans by Secured Party to Debtor under the Transaction Documents:

(a) Debtor will pay and perform all of the Obligations according to their terms.

(b) Exhibit A contains a complete and accurate list of all trademark registrations and applications, whether domestic or foreign for all trademarks owned or licensed by Debtor. Debtor has made all necessary filings and recordations in the United States and every other applicable jurisdiction whether domestic or foreign to protect and maintain its interest in the trademark registrations and applications set forth in Exhibit A, including, without limitation, all necessary filings and recordings in the United States Patent and Trademark Office and every other applicable jurisdiction whether domestic or foreign.

(c) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Debtor agrees, at Debtor's sole cost and expense, to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any other applicable jurisdiction whether domestic or foreign, to maintain the Trademarks which maintenance obligation shall include, maintaining the quality of any and all products or services used or provided in connection with the Trademarks, consistent with the quality and services as of the date hereof, the filing of responses to office actions issued by the United States Patent and Trademark Office, or any other applicable jurisdiction whether domestic or foreign, the filing of applications for renewal, and the participation in opposition, cancellation and infringement and misappropriation proceedings. Debtor shall require the Licensees to use consistent standards of quality in the manufacture, distribution and sale of all products sold and the provision of all services provided under or in connection with any of the Trademarks. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever, except (i) the security interests granted hereunder

and pursuant to the Loan Agreement, (ii) the security interests permitted under the Loan Agreement and (iii) the Licenses.

(d) Debtor has not made a previous assignment, sale, transfer, license or agreement constituting a present or future assignment, sale, transfer, license or encumbrance of any Trademarks. Debtor has not granted any release, covenant not to sue, or non-assertion assurance to any person with respect to any of the Trademarks. Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon or encumber, except as permitted herein, in the Transaction Documents, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder. Notwithstanding anything to the contrary contained herein or in the Transaction Documents, Debtor shall have the right to enter into license agreements with third party licensees pursuant to which Debtor grants such licensee the right to use the Trademarks in connection with the manufacture and/or sale of licensed products. All such future licenses and the royalties and other amounts payable thereunder shall automatically become a part of the Collateral and Debtor shall take any action deemed necessary by Secured Party to perfect Secured Party's interest therein, including, without limitation, obtaining acknowledgements of the security interest from such licensees and agreements to pay royalties directly to Secured Party.

(e) Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this or any other similar security agreement or a notice thereof filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office, or in any similar office or agency of the United States, any State thereof or any other domestic or foreign jurisdiction or subdivision thereof.

(f) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other domestic or foreign jurisdiction or subdivision thereof other than those described in Exhibit A annexed hereto and has not granted any licenses with respect thereto, except the Licenses.

(g) Debtor hereby agrees that Secured Party may, at any time while the Obligations remains outstanding, conduct or arrange for appraisals of the value of the Trademarks and the Licenses in accordance with the terms of the Loan Agreement

(h) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(i) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve,

defend, protect, maintain, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the then applicable rate set forth in the Transaction Documents and shall be part of the Obligations secured hereby.

(j) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other domestic or foreign jurisdiction or subdivision thereof, unless Debtor has made arrangements acceptable to Secured Party to simultaneously register Secured Party's security interest in such Trademark. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party, at Debtor's expense, any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark. In furtherance of the foregoing, Debtor hereby authorizes Secured Party to update and amend Exhibit A and Exhibit B of this Agreement and hereby grants Secured Party an irrevocable power of attorney to prepare a notice of security interest and/or supplemental trademark security agreement with respect to such Trademark or any license thereof and execute and file same with the United States Patent and Trademark Office or any similar office or agency of the United States, any state thereof or any other domestic or foreign jurisdiction or subdivision thereof.

(k) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording may become abandoned, cancelled, invalidated, avoided, or avoidable.

(l) Other than the Licenses granted in the ordinary course of business, there are no rights or claims that could be made under or against any of the Trademarks that conflict with Debtor's ownership thereof or the Security Interest, and no claim has been made and is continuing or, to Debtor's knowledge, threatened that the use by Debtor or any prior owner of any Trademarks is invalid or unenforceable or that the use by Debtor or any prior owner of any of the Trademarks does or may violate the rights of any person which could reasonably be expected to have an adverse effect on the aggregate value of the Trademarks as a whole or the Security Interest. To the best knowledge of Debtor, there is currently no infringement or unauthorized use of any of the Trademarks, which could reasonable be expected to have an adverse effect on the aggregate value of the Trademarks as a whole or the Security Interest. Debtor will render any reasonable assistance necessary to Secured Party in any proceeding before the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other domestic or foreign jurisdiction or subdivision thereof to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(m) Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall

join with Secured Party in such reasonable action as Secured Party, in its discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(n) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(o) Debtor will promptly pay Secured Party for any and all reasonable expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and expenses. Such expenditures shall be payable on demand, together with interest at the then applicable rate set forth in the Transaction Documents and shall be part of the Obligations secured hereby.

#### 4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any one or more of the "Events of Default", as defined in the Loan Agreement dated the date hereof by Debtor in favor of Secured Party or in the Loan Agreement (each an "Event of Default" hereunder).

#### 5. RIGHTS AND REMEDIES

Upon any such Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Transaction Documents or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder.

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. At any time whether or not an Event of Default has occurred, Secured Party may notify the holders of the License to pay all royalty or other payments directly to Secured Party and may otherwise deal with the holders of the Licenses as if Secured Party is the licensor thereunder. Secured Party may make use of any Trademarks for the sale of goods, completion of work in process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or Debtor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof (together with the goodwill thereof), either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by

law, the giving of ten (10) days notice in the manner set forth in subparagraph 6(b) hereof shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to Subparagraph 5(c) hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Subparagraph 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all reasonable costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, legal expenses and attorneys' fees and expenses.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral to the reasonable costs and expenses thereof, including, without limitation, attorneys' fees and expenses and all legal, travel and other expenses which are incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at a rate equal to the highest rate then payable on the Obligations.

(f) Debtor shall supply Secured Party or its designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Transaction Documents, this Agreement, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

## 6. MISCELLANEOUS

(a) Any failure or delay by Secured Party to require performance by Debtor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party or Secured Party's right to demand compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

(b) All notices and other communications hereunder shall be made by telegram, telex, electronic transmitter, overnight air courier, or certified or registered mail, return receipt requested, and shall be deemed to be received by the party to whom sent three Business Day after sending, if sent by telegram, telex, electronic transmitter, or overnight air courier, and five Business Days after mailing, if sent by certified or registered mail. All such notices and other communications to a party hereto shall be addressed to such party at the address set forth above or to such other address as such party may designate for itself in a notice to the other party given in accordance with this Section 6(b).

(c) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(d) All references to Debtor and Secured Party herein shall include their respective successors and assigns. All references to the term "person" or "Person" herein shall mean any individual, sole proprietorship, limited partnership, general partnership, corporation (including a business trust), unincorporated association, joint stock corporation, trust, joint venture, association, organization or other entity or government or any agency or instrumentality or political subdivision thereof.

(e) This Agreement shall be binding upon and for the benefit of the parties hereto and their respective successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(f)

(i) This Agreement is made in the State of New York and shall be governed by and construed in accordance with the laws of said State, without regard to conflict of laws principles.

(ii) DEBTOR AGREES THAT ANY, DISPUTE, CLAIM OR CONTROVERSY BETWEEN DEBTOR AND SECURED PARTY, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE ("CLAIM" OR "CLAIMS") SHALL, AT SECURED PARTY'S ELECTION, BE RESOLVED BY ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION. Such election may be made at any time prior to the commencement of a judicial proceeding by Secured Party, or in the event of a judicial proceeding instituted by Debtor at any time prior to the last day to answer and/or respond to a summons and/or complaint made by Debtor (or within thirty (30) days after the rendition of an order on any motion by Secured Party based upon the statute of limitations). The provisions of this Section apply to and include all claims arising out of or in connection with i) this Agreement or any related agreements or instruments, ii) all past, present and future agreements involving Debtor, Secured Party or Debtor, iii) any transaction related to this Agreement and all past, present and future transactions involving Debtor, Secured Party or Debtor, and iv) any aspect of the past, present or future relationship between Debtor, Secured Party or Debtor. Secured Party may elect to require arbitration of any Claim with Debtor without thereby being required to arbitrate all Claims between Debtor and Secured Party. Any such Claim shall be resolved by binding arbitration in accordance with the Arbitration Law of the State of New York and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In the event of any inconsistency between such Rules and these arbitration provisions, these provisions shall

supersede such Rules. All statutes of limitations which would otherwise be applicable shall apply to any arbitration proceeding under this Section. In any arbitration proceeding subject to this Section, the arbitrator is specifically empowered to decide (by documents only, or with a hearing, at the arbitrator's sole discretion) pre-hearing motions which are substantially similar to pre-hearing motions for summary adjudication. In any such arbitration proceeding, the arbitrator shall not have the power or authority to award punitive damages to any party nor shall the arbitrator have the power or authority to alter or modify any express provision of this Agreement or any other agreement heretofore or hereafter entered into between Debtor and Secured Party, all of which agreements are hereby incorporated in this arbitration provision. Judgment upon the arbitration award rendered may be entered in any court having jurisdiction. Whenever an arbitration is required, the arbitrator(s) shall be selected in the manner provided in this Section. No provision of, nor the exercise of any rights under this Section shall limit Secured Party's rights i) to foreclose against collateral pursuant to applicable provisions of the Uniform Commercial Code or otherwise herein pursuant to applicable law, ii) to exercise self-help remedies including, but not limited to, set off and repossession, or iii) to request and obtain from a court having jurisdiction before, during or after the pendency of any arbitration, provisional or ancillary remedies and relief including, but not limited to, injunctive or mandatory relief. The institution and maintenance of an action or judicial proceeding for, or pursuit of, provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver by Secured Party, even if Secured Party is a plaintiff, of Secured Party's right to submit the Claim to arbitration if Secured Party would otherwise have such right. Whenever an arbitration is required under this Section, the arbitrator(s) shall be selected, except as otherwise herein provided, in accordance with the Commercial Arbitration Rules of the AAA. A single arbitrator shall decide any Claim of \$100,000.00 or less and he or she shall be a Certified Public Accountant with at least five years experience in such profession. Where a Claim of any party exceeds \$100,000.00, the Claim shall be decided by a majority of three arbitrators, at least two of whom shall be Certified Public Accountants (at least one of whom shall have not less than five years experience in such profession). The arbitrator(s) shall have the power to award recovery of all costs and fees (including attorney's fees, administrative fees, arbitrator(s)'s fees and, if applicable, court costs) to the prevailing party. In the event of any Claim governed by this Section, each of the parties shall, subject to the award of the arbitrator(s), pay an equal share of the arbitrator(s)'s fees.

(iii) Debtor agrees that any Claim or cause of action by Debtor against Secured Party, or any of Secured Party's directors, officers, employees, agents, accountants or attorneys, based on, arising from or relating in any way to this Agreement, or any supplement or amendment hereto, or any other present or future agreement between Debtor and Secured Party or any other transaction contemplated hereby or thereby or relating hereto or thereto, or any other matter whatsoever shall be barred unless asserted by Debtor by the commencement of an action or proceeding in a court of competent jurisdiction by the filing of a complaint within one year after the first act, occurrence or omission upon which such Claim or cause of action, or any part thereof, is based, and the service of a summons and complaint upon one of Secured Party's officers, within thirty (30) days thereafter. Debtor agrees that said one year period is a reasonable and sufficient time for Debtor to investigate and act upon such Claim or cause of action. Said one year period shall not be waived, tolled or extended except by specific written consent by Secured Party.



(iv) In performing Secured Party's obligations under this Agreement, Secured Party shall be liable to Debtor for only Secured Party's gross negligence or willful misconduct. No person or entity shall be a third party beneficiary of any of Debtor's rights or claims under this Agreement and in particular, but not by way of limitation, Secured Party shall not be liable to any third party or for any act or omission by Secured Party or any third party including, without limitation, the inability or failure of any third party to effect a transfer in accordance with Debtor's instructions due to mechanical, computer or electrical failures or for any other reason beyond Secured Party's control. Secured Party shall have no obligation to pursue, or assist Debtor in pursuing, any claim Debtor may have against any third party. In no event, shall Secured Party be liable for special, punitive, indirect or consequential damages, nor shall any action or inaction on Secured Party's part, constitute a waiver by Secured Party of any cause of action or defense.

(v) As a material part of the consideration to Secured Party to enter into this Agreement, Debtor (1) agrees that, at Secured Party's option, all actions and proceedings based upon, arising out of or relating in any way directly or indirectly to this Agreement shall be litigated exclusively in the Supreme Court of the State of New York, County of New York, (2) consents to the jurisdiction of such court and consent to the service of process in any such action or proceeding by personal delivery, first-class mail, or any other method permitted by law, and (3) waives any and all rights to transfer or change the venue of any such action or proceeding to any other court.

(vi) The headings of various Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions of this Agreement.

(vii) This Agreement and the other written documents previously or now executed in connection herewith are the entire and only agreements between the parties with respect to the subject matter hereof, and all oral representations, agreements and undertakings, previously or contemporaneously made, which are not set forth herein or therein, are superseded hereby and thereby. The provisions of this Section shall survive any termination of this Agreement.

(viii) **MUTUAL WAIVER OF RIGHT TO JURY TRIAL. SECURED PARTY AND DEBTOR EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION BASED UPON, ARISING FROM, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT, OR ANY SUPPLEMENT OR AMENDMENT HERETO; OR (II) ANY OTHER PRIOR, PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN SECURED PARTY AND DEBTOR; OR (III) ANY CONDUCT, ACTS OR OMISSIONS BY SECURED PARTY AND DEBTOR OR ANY OF SECURED PARTY'S OR DEBTOR'S RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH SECURED PARTY AND DEBTOR; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.**

(g) In the event that any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

DYNACRAFT LLC

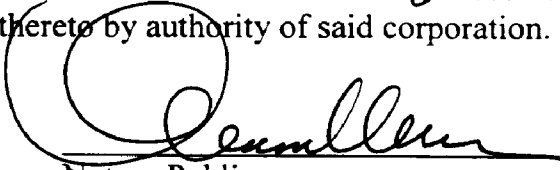
By: *Jeremy R. Deeman CEO*  
(Title)

HSBC BUSINESS CREDIT (USA) INC.

By: *Mark Pellauer*  
*CEO* (Title)

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

On this 13<sup>th</sup> day of June, 2003, before me personally came Jerome A. Berman  
to me known, who being duly sworn, did depose and say, that he is the CEO of  
Hydracraft LLC, the corporation described in and which executed the foregoing  
instrument; and that he signed his name thereto by authority of said corporation.

  
Notary Public

ALAINE L. KLEIN  
Notary Public, State of New York  
No. 4947498  
Qualified in Nassau County  
Commission Expires Feb. 27, 2003

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

On this 23<sup>rd</sup> day of June, 2003, before me personally came  
Mark Farchheimer, to me known, who being duly sworn, did depose and say, that he is the  
Sr. Vice President of HSBC BUSINESS CREDIT (USA) INC., the bank described in  
and which executed the foregoing instrument; and that he signed his name thereto by order of the  
Board of Directors of said bank.

  
\_\_\_\_\_  
Notary Public

**CHRISTOPHER G DORMAN**  
Notary Public, State of New York  
No. 311985818  
Qualified in New York County  
Commission Expires August 26, 2005

Exhibit A

(from Dynacraft Industries, Inc. (Massachusetts) to Dynacraft LLC)

(Intellectual Property)

Trademarks

<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
<i>United States</i>		
ABCYCLE & Design	R- 1,932,673	11/07/95
AFTERSHOK	R- 2,195,292	10/13/98
AIR BLAST	A- 78/158,348	08/27/02
AIR TENSION	R- 2,196,610	10/13/98
ALPINE EAGLE	R- 1,461,817	10/20/87
ANIALATOR	R- 2,101,958	09/30/97
ANZA	R- 2,117,786	12/02/97
BARE BONES	R- 1,905,567	07/18/95
BEDAZZLED	R- 1,846,191	07/19/94
BEAR ESSENTIALS	R- 2,046,141	03/18/97
BLADE	R- 2,258,322	07/06/99
BLAST ZONE	R- 1,920,831	09/19/95
BOLD	A- 76/366,347	02/04/02
BREAKPOINT	R- 1,732,875	11/17/92
BULGE	R- 2,561,837	04/16/02
BUSTED	R- 2,688,485	02/18/03
BUSTER MX	R- 2,594,117	07/16/02
B-WILD	R- 2,562,525	04/16/02
CANNED	R- 2,566,199	04/30/02
CANYON ROADS	R- 2,564,336	04/23/02
CATAPULT	R- 2,400,988	10/31/00
CHARMER	R- 2,336,192	03/28/00
CLIFF RUNNER	R- 2,414,398	12/19/00
CLUTCH	R- 2,605,906	08/06/02
D & Design	R- 2,422,102	01/16/01
DAGGER	R- 2,160,445	05/26/98
DECOY	R- 2,580,247	06/11/02
DEKRA	R- 2,392,346	10/03/00

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DIGG'N DINO	R- 2,153,705	04/28/98
DIRT JUMPER	R- 2,624,500	9/24/02
DIRT STORM	R- 2,642,445	10/29/02
DIRT ZASTER	R- 1,872,411	01/10/95
DOUBLE DIVIDE	R- 2,009,131	10/15/96
DYNACRAFT	R- 1,421,836	12/23/86
ECHO RIDGE	R- 1,871,235	01/03/95
ELECTROSHOCK	R- 2,220,985	01/26/99
EQUATOR	R- 2,311,902	01/25/00
EXHAUST	A- 76/138,932	10/02/00
FLIP 400	R- 1,999,726	09/10/96
FUGATIVE	R- 1,579,976	01/30/90
GIRL TALK	R- 2,060,029	05/06/97
GLACIER POINT	R- 1,882,070	03/07/95
GLAMOUR GIRL	R- 1,971,383	04/30/96
GLAMOUROUS	R- 1,793,594	09/21/93
GLITZ & GLAMOUR	R- 1,999,724	09/10/96
GRAND LEDGE	R- 2,154,918	05/05/98
GREAT DIVIDE	R- 1,697,527	06/30/92
HIGH FASHION	R- 1,926,393	10/10/95
HOCUS POCUS	R- 2,414,112	12/19/00
IMPOSTER	A- 76/198,000	01/22/01
INVADER	A- 76/411,575	05/23/02
ISLAND BREEZE	R- 1,918,798	09/12/95
JAZZY CATS	R- 2,038,936	02/18/97
JEWELS & PEARLS	R- 2,483,590	08/28/01
KEEPSAKES	R- 2,562,461	04/16/02
KID'S CLASSIC	R- 2,489,403	09/11/01
KRUSHER	R- 2,705,389	04/08/03
LADY N PINK	R- 1,907,272	07/25/95
LOOK 'N GOOD	R- 1,998,264	09/03/96
MAGNA GEAR	R- 2,015,894	11/12/98
MAJESTIC	R- 2,246,526	05/18/99
MAJOR DAMAGE	R- 1,830,282	04/12/94

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MALIBU	R- 1,447,364	07/14/87
MAUI MISS	R- 1,823,686	02/22/94
MAXX TRAX	R- 2,060,017	05/06/97
MEDIEVAL MADNESS	R- 2,105,602	10/14/97
MISFIT	A- 76/147,688	10/16/00
MISTY	R- 1,893,066	05/09/95
MODERN CRAZE	R- 1,998,269	09/03/96
MOLTEN	R- 2,369,380	07/18/00
MOUNTAIN EAGLE	R- 1,701,666	07/21/92
MTN TAMER	R- 1,936,707	11/21/95
MTN. RIDGE	R- 2,454,083	05/22/01
MYSTICAL PASSION	R- 2,109,247	10/28/97
NEXT	R- 2,076,524	07/01/97
NO MORE BORING BIKES	R- 2,022,168	12/10/96
NORTHERN CASCADE	R- 2,422,176	01/16/01
NORTHERN RIDGE	R- 1,937,308	11/21/95
OASIS	R- 2,038,923	02/18/97
OBSIDION	R- 2,414,731	12/19/00
OUTCAST	R- 2,504,667	11/06/01
OUTREACH	R- 1,711,544	09/01/92
OZONE 500	R- 2,308,953	01/18/00
PAINKILLER	R- 2,371,678	07/25/00
PARADISE COVE	R- 2,103,442	10/07/97
PRECIOUS PEARLS	R- 2,008,470	10/15/96
PRETTY IN PINK	R- 2,007,225	10/08/96
PROSLAMMER	R- 2,149,335	04/07/98
PULSE	R- 2,105,486	10/14/97
PUPPY FUN	R- 2,291,103	11/09/99
REBOUND	R- 1,997,003	08/27/96
RED CANYON	R- 1,849,206	08/09/94
RED RIDGE	R- 1,843,591	07/05/94
REFUGE	R- 2,223,270	02/09/99
RETZAR	R- 2,515,368	12/04/01
RHINO	R- 2,211,547	12/15/98

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	RHINO & DESIGN	R- 2,316,706	02/08/00
	RIP CLAW	R- 2,186,840	09/01/98
	RIP CURL	R- 1,880,527	02/28/95
	RIP TIDE	R- 2,456,462	05/29/01
	RIP TRAXX	A- 76/237,959	04/03/01
	ROAD BLOCK	R- 1,842,862	07/05/94
	ROAD IMPRESSIONS	R- 1,440,544	05/26/87
	SANDY TRAILS	R- 1,815,819	01/11/94
	SAPPHIRE	R- 2,548,400	03/12/02
	SCREAMER	R- 1,928,493	10/17/95
	SHAKE DOWN	R- 2,641,008	10/22/02
	SHALE	R- 1,640,402	04/09/91
	SHEER FUN	R- 1,584,540	02/27/90
	SHOCK ZONE	R- 2,392,233	10/03/00
	SHOCKEDGE	R- 2,450,218	05/08/01
	SILVER CANYON	R- 2,011,144	10/22/96
	SIX ISLANDS	R- 1,907,275	07/25/95
	SKYQUEST	R- 2,219,718	01/19/99
	SPELLBOUND	R- 1,833,278	04/26/94
	SPLASH	R- 1,690,077	06/02/92
	STAR BURST	R- 1,440,543	05/26/87
	STITCH	R- 2,560,335	04/09/02
	STRANDED	R- 2,226,672	02/23/99
	STREET BLADE	R- 1,918,790	09/12/95
	STREET DEMON	R- 1,421,837	12/23/88
	STRYKA	R- 2,223,254	02/09/99
	STYLE OUT	R- 2,296,944	11/30/99
	SURGE	A- 78/240,651	04/22/03
	SWEET MISTY	R- 1,453,136	08/18/87
	TANZIER	R- 2,038,935	02/18/97
	THORAX	R- 2,312,530	01/25/00
	THREAT	R- 2,232,914	03/16/99
	TOTAL MADNESS	R- 1,998,266	09/03/96
	TROPICAL BLAST	R- 1,920,832	09/19/95

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	TURBO FORCE 1000	R- 1,785,437	08/03/93
	TURBO WORKS	R- 1,739,677	12/15/92
	TURN-N-BURN	R- 2,277,817	09/14/99
	TWILIGHT TWIST	R- 2,038,916	02/18/97
	VAPORIZER	R- 2,038,992	02/18/97
	VERMILION	R- 2,145,509	03/17/98
	VERTICAL	R- 2,255,373	06/22/99
	VERTICAL & Design	R- 2,314,698	02/01/00
	VERVE	R- 2,394,275	10/10/00
	VINTAGE	R- 1,882,067	03/07/95
	WAIKIKI	R- 2,154,922	05/05/98
	WALL ROX	R- 1,998,265	09/03/96
	WALLA KOALA	R- 1,999,727	09/10/96
	WAVERIPPER	R- 2,512,561	11/27/01
	WHOMP	R- 2,392,306	10/27/00
	WIPE OUT	R- 2,292,638	11/16/99
	X-CCELERATE	R- 2,439,485	03/27/01
	X-MAGS	R- 2,587,789	07/02/02
	ZANZIBAR	R- 1,997,004	08/27/96
<b>Australia</b>			
	ANIALATOR	703500	02/28/96
	GIRL TALK	703499	02/28/96
	GLACIER POINT	702058	02/08/98
	MAJOR DAMAGE	702060	02/08/96
	PRETTY IN PINK	702059	02/08/96
	SILVER CANYON	702057	02/08/96
	SLICK ROCK TRAILS	703498	02/28/96

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**Patents**

<i>Patent Title</i>	<i>App/Reg. Number</i>	<i>App/Reg. Date</i>
<b>United States</b>		
Bicycle Bag	DES 367,034	02/13/96
Bicycle Bag	DES 366,447	01/23/96
Bicycle Bag	DES 366,446	01/23/96
Handlebar Mounted Container for Bicycles	D 430,120	08/29/00
Skateboard Carton	5,029,702	07/09/91
<b>China</b>		
Non-Tension Spoke Wheel	1,104,123	(date written in the Chinese dialect)
<b>Germany</b>		
Non-Tension Spoke Wheel	101 16 071.2 (A)	03/30/01
<b>Taiwan</b>		
Handlebar Mounted Container for Bicycles	88303024	02/16/99
Non-Tension Spoke Wheel	90105003 (A)	03/05/01
<b>United Kingdom</b>		
Non-Tension Spoke Wheel	GB2368320	02/07/01

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(from Dynacraft Industries, Inc. (Nevada) to Dynacraft LLC)

(Intellectual Property)

<i>Trademark</i>	<i>Reg. /App. Number</i>	<i>Reg. / App. Date</i>
<b>United States</b>		
MAGNA	R- 1,531,887	03/28/89
MAGNA M & Design	R- 1,551,816	08/15/89
M MAGNA & Design	R- 1,882,061	03/07/95
MAGNA & Design	R- 1,315,668	01/22/85
MAGNA FORCE	R- 1,346,446	07/02/85
MAGNA VOGUE SERIES	R- 1,861,749	11/08/94
<b>Australia</b>		
MAGNA	A623826	03/01/94
<b>Benelux</b>		
MAGNA	R- 493189	02/15/91
<b>France</b>		
MAGNA	R- 1680155	02/18/91
<b>Germany</b>		
MAGNA	R- 2008127	01/13/92
<b>Italy</b>		
MAGNA	621443	06/09/94
MAGNA	665 2001 MI	01/23/01
<b>Mexico</b>		
DYNACRAFT	383235	05/18/89
MAGNA	372443	05/18/89
MAGNA "M"	372444	05/18/89
<b>Portugal</b>		
MAGNA	271-588	2/15/93
<b>South Korea</b>		
MAGNA	161493	11/01/88

11162541.01

**EXHIBIT B**

**LICENSES**

1. Trademark License Agreement dated June 16, 2003 between Dynacraft LLC and Dynacraft BSC LLC
2. License Agreement dated June 16, 2003 between Chitech Industries, Inc. and Dynacraft LLC

**SPECIAL POWER OF ATTORNEY**

STATE OF NEW YORK    )  
                                  ) ss.:  
COUNTY OF NEW YORK )

KNOW ALL MEN BY THESE PRESENTS, that DYNACRAFT LLC ("Debtor"), having an address at 2550 Kerner Boulevard, San Rafael, California 94901, hereby appoints and constitutes, severally, HSBC BUSINESS CREDIT (USA) INC. ("Secured Party"), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks and all registrations, applications, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.
2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney, being a power coupled with an interest, is made pursuant to a Trademark Security Agreement between Debtor and Secured Party, of even date herewith (the "Security Agreement") and may not be revoked until indefeasible payment in full of all Debtor's "Obligations", as such term is defined in the Security Agreement and is subject to the terms and provisions thereof.

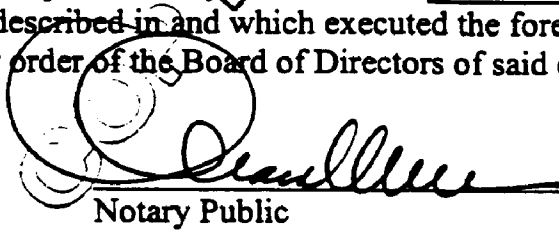
June \_\_, 2003

DYNACRAFT LLC

By: *James A. Roman* *CE*  
Title

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

On this 23<sup>RD</sup> day of June, 2003, before me personally came Jerome Berman  
me known, who being duly sworn, did depose and say, that he is the CEO of  
DYNACRAFT LLC, the corporation described in and which executed the foregoing instrument;  
and that he signed his name thereto by order of the Board of Directors of said corporation.

  
Notary Public

ALAIN L. KLEIN  
Notary Public, State of New York  
No. 4947498  
Qualified in Nassau County  
Commission Expires Feb. 27, 2007

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