

12-30-2003
102634308

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

1. Name of conveying party(ies): 12-23-03
Advanced Drainage Systems, Inc.

- Individual(s)
- General Partnership
- Corporation-State
- Other Delaware
- 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: 11-4-2003

2. Name and address of receiving party(ies)

Name: Henry H. Caouette

Internal Address: _____

Street Address: 114 Riverside Drive

City: Mechanic Falls State: ME Zip: 04256

- Individual(s) citizenship U.S.
- 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) 1796329

Additional number(s) attached Yes No

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

Name: James F. Keenan, Jr.

Internal Address: _____

Bernstein, Shur, Sawyer & Nelson

Street Address: _____

100 Middle Street

City: Portland State: ME Zip: 04104

6. Total number of applications and registrations involved: _____

1

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

DEC 23 AM 7:47
OPR/FINANCE

DO NOT USE THIS SPACE

9. Signature.

James F., Keenan, Jr.
Name of Person Signing


Signature

11-4-2003
Date

Total number of pages including cover sheet, attachments, and document: 8

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

12/29/2003 LMUELLER 00000046 1796329

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40.00 00

TRADEMARK
REEL: 002887 FRAME: 0445

SECURITY AGREEMENT

SECURITY AGREEMENT (the "Agreement") made this 4th day of November 2003 by Advanced Drainage Systems, Inc., a Delaware corporation ("Debtor") in favor of Henry H. Caouette, an individual resident of Mechanic Falls, Maine ("Secured Party").

WITNESSETH:

WHEREAS, Secured Party and Debtor are contemporaneously herewith entering into a Patent, Know-How and Trademarks Assignment Agreement (the "Assignment Agreement"), pursuant to which Debtor has undertaken certain monetary and non-monetary obligations to Secured Party, which obligations are more particularly described in the Assignment Agreement and are defined therein as the "Obligations"; and

WHEREAS, in order to induce Secured Party to enter into the Assignment Agreement, Debtor has agreed to enter into this Agreement;

NOW, THEREFORE, in consideration of the Assignment Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by Debtor, Debtor does hereby agree as follows:

1. Definitions; Interpretation.

(a) Terms Defined in Assignment Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Assignment Agreement.

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

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

"Default" means the occurrence of any or all of the following events: (i) the occurrence of any event identified as a "Default" or an "Event of Default" in the Assignment Agreement, (ii) Debtor fails to observe or perform any other covenant or agreement contained in this Agreement; or (iii) any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor or any other party liable for the Obligations proving to have been false or erroneous when made or furnished; or (iv) transfer or disposition of any of the Collateral, except as expressly permitted by this Agreement; or (v) attachment, execution or levy on any of the Collateral; or (vi) Debtor voluntarily or involuntarily becoming subject to any proceeding under the U.S. Bankruptcy Code or any similar remedy under state statutory or common law; or (vii) Debtor shall fail to comply with any law where noncompliance may have any significant effect on the Collateral; or (viii) Secured Party shall receive at any time a report with respect to any public filing office indicating that Secured Party's security interest in the Collateral is not prior to all other security interests or other interests reflected in the report.

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“PTO” means the United States Patent and Trademark Office.

“UCC” means the Uniform Commercial Code as in effect in the State of Maine.

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

(d) Construction. In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to “proceeds” in this Agreement authorizes any sale, transfer, or other disposition of any Collateral by Debtor; (ii) “includes” and “including” are not limiting; (iii) “or” is not exclusive; and (iv) “all” includes “any” and “any” includes “all.” To the extent not inconsistent with the foregoing, the rules of construction and interpretation applicable to the Assignment Agreement shall also be applicable to this Agreement and are incorporated herein by this reference.

2. Security Interest.

(a) Grant of Security Interest in Patent. As security for the payment and performance of the Obligations, Debtor hereby assigns, transfers and conveys to Secured Party, and grants to Secured Party a security interest in and mortgage to, all of Debtor's right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Debtor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the “Patent Collateral”):

- (i) Patent no. 4,909,665, titled “Fabric-covered structure,” and issued on March 20, 1990, and all licenses relating to the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;
- (ii) all general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and
- (iii) all proceeds of any and all of the foregoing Patent Collateral (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Patent Collateral.

(b) Grant of Security Interest in Trademarks. As security for the payment and performance of the Obligations, Debtor hereby grants to Secured Party a security interest in, and

a mortgage upon, all of Debtor's right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Debtor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Trademark Collateral"):

- (i) The mark "GEO-FLOW" registered on October 5, 1993 bearing registration no. 1,796,329, and all other state (including common law), federal and foreign trademarks, service marks and trade names used in association with the "Products" (as such term is defined in the Assignment Agreement) and applications for registration of such trademarks, service marks and trade names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof;
- (ii) the entire goodwill of or associated with the businesses now or hereafter conducted by Debtor connected with and symbolized by any of the aforementioned properties and assets;
- (iii) all general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and
- (iv) all proceeds of any and all of the foregoing Trademark Collateral (including license royalties, rights to payment, accounts receivable and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Trademark Collateral.

(c) Collateral; Continuing Security Interest. The Patent Collateral and the Trademark Collateral are sometimes referred to collectively as the "Collateral." Debtor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 11.

3. Default Costs. Should a Default occur, Debtor will pay to Secured Party all costs reasonably incurred by Secured Party for the purpose of enforcing its rights hereunder, including (i) costs of foreclosure, (ii) costs of obtaining money damages; and (iii) a reasonable fee for the services of attorneys or paralegals employed by Secured Party for any purpose related to this Agreement or the Obligations, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.

4. Remedies Upon Default.

(a) General. Upon occurrence of any Default, Secured Party may pursue any remedy available at law (including those available under the UCC), or in equity to collect, enforce or satisfy any Obligations then owing, whether by acceleration or otherwise.

(b) Additional Remedies. Upon occurrence of any Default, Secured Party shall have the right to pursue any of the following remedies separately, successively or simultaneously:

- (i) File suit and obtain judgment and, in conjunction with any action, Secured Party may seek any ancillary remedies provided by law, including levy of attachment and garnishment.
- (ii) Sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the UCC.

5. Foreclosure Procedures.

(a) No Waiver. No failure to exercise and no delay in exercising, on the part of Secured Party, any right or remedy accruing upon any Default shall: (i) impair any right or remedy, (ii) waive or operate as an acquiescence to any Default, or (iii) affect any subsequent Default of the same or of a different nature.

(b) Notices. Secured Party shall give Debtor such notice of any private or public sale as may be required by the UCC.

(c) Condition of Collateral. Secured Party has no obligation to prepare the Collateral for sale.

(d) No Obligation to Pursue Others. Secured Party has no obligation to attempt to satisfy the Obligations by collecting them from any other person liable for them, and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations.

(e) Compliance With Other Laws. Secured Party may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(f) Warranties. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.

(g) Sales on Credit. If Secured Party sells any of the Collateral upon credit, Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds of the sale.

(h) Purchases by Secured Party. In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations of Debtor.

(i) No Marshaling. Secured Party have no obligation to marshal any assets in favor of Debtor, or against or in payment of (i) any of the Obligations, or (ii) any other obligation owed to Secured Party by Debtor or any other person.

6. Further Acts. On a continuing basis, Debtor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure Debtor's compliance with this Agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO or any applicable state office. Secured Party may record this Agreement, an abstract thereof, or any other document describing Secured Party's interest in the Collateral with the PTO, at the expense of Debtor. In addition, Debtor authorizes Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by Secured Party. If the Debtor shall at any time hold or acquire a commercial tort claim arising with respect to the Collateral, the Debtor shall immediately notify Secured Party in a writing signed by the Debtor of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

7. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor, Secured Party and their respective successors and assigns. Debtor may not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder except as specifically permitted by the Assignment Agreement.

8. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Maine, except as required by mandatory provisions of law or to the extent the perfection or priority of the security interests hereunder, or the remedies hereunder, in respect of any Collateral are governed by the law of a jurisdiction other than Maine.

9. Entire Agreement; Amendment. This Agreement and the Assignment Agreement, together with the Schedules thereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior drafts and communications relating to such

subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties. Notwithstanding the foregoing, Secured Party unilaterally may re-execute this Agreement. To the extent that any provision of this Agreement conflicts with any provision of the Assignment Agreement, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Assignment Agreement.

10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.

11. Termination. Upon payment and performance in full of all Obligations, the security interests created by this Agreement shall terminate and Secured Party (at Debtor's expense) shall promptly execute and deliver to Debtor such documents and instruments reasonably requested by Debtor as shall be necessary to evidence termination of all such security interests given by Debtor to Secured Party hereunder, including cancellation of this Agreement by written notice from Secured Party to the PTO.

12. No Inconsistent Requirements. Debtor acknowledges that this Agreement and the other documents, agreements and instruments entered into or executed in connection herewith may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

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

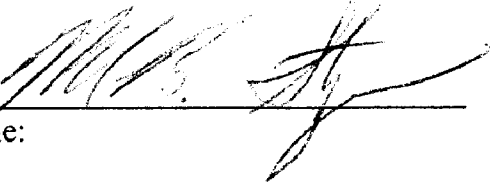
14. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Assignment Agreement.

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

WITNESS:


DEBTOR:

Advanced Drainage Systems, Inc.


Name: _____

By: Robert M. Klein
Name: Robert M. Klein
Title: V.P. of customer Relations

SECURED PARTY:


Name: James F. Keenan, Jr.

By: Henry H. Caouette
Name: Henry H. Caouette