

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY INTEREST

CONVEYING PARTY DATA

| Name | Formerly | Execution Date | Entity Type |
|-----------------|----------|----------------|--------------|
| AAI Corporation | | 07/18/2005 | CORPORATION: |

RECEIVING PARTY DATA

| | |
|-----------------|----------------------|
| Name: | SunTrust Bank |
| Street Address: | 303 Peachtree St. NE |
| City: | Atlanta |
| State/Country: | GEORGIA |
| Postal Code: | 30308 |
| Entity Type: | CORPORATION: |

PROPERTY NUMBERS Total: 10

| Property Type | Number | Word Mark |
|----------------------|----------|---|
| Registration Number: | 2036573 | AAI A SUBSIDIARY OF UNITED INDUSTRIAL CORPORATION |
| Registration Number: | 2779387 | TDCUE |
| Registration Number: | 2788609 | PDCUE |
| Registration Number: | 2867234 | SHADOW |
| Serial Number: | 76634565 | ABE BORESIGHT SYSTEM |
| Serial Number: | 76628850 | ABE |
| Serial Number: | 76604249 | AAI |
| Serial Number: | 76588563 | UAV SYSTEM SPECIALIST |
| Serial Number: | 76582199 | ONE SYSTEM |
| Serial Number: | 76568206 | INNOVATION THAT WORKS |

CORRESPONDENCE DATA

Fax Number: (404)572-5149

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 404-572-2533

TRADEMARK

REEL: 003123 FRAME: 0075

900028491

CH \$265.00 2036573

Email: jbalcita@kslaw.com
Correspondent Name: Jeff Balcita
Address Line 1: 191 Peachtree Street
Address Line 2: 49th Floor
Address Line 4: Atlanta, GEORGIA 30303

NAME OF SUBMITTER:

Jeff Balcita

Signature:

/Jeff Balcita/

Date:

07/18/2005

Total Attachments: 7

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TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of July 18, 2005 (this "Agreement"), executed by AAI CORPORATION, a Maryland corporation ("Grantor"), in favor of SUNTRUST BANK, a Georgia banking corporation, as administrative agent ("Agent"), on its behalf and on behalf of the Lenders (the "Lenders") from time to time party to the Revolving Credit Agreement, dated as of the date hereof (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), among AAI Corporation, United Industrial Corporation, a Delaware corporation ("Parent"), the Lenders and Agent.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders and Agent have agreed to make certain financial accommodations to Grantor;

WHEREAS, Grantor, Parent and certain Subsidiaries of Grantor have entered into a Security Agreement (the "Security Agreement"), pursuant to which Grantor has granted to Agent, for its benefit and for the benefit of the Lenders, a continuing security interest in, among other things, the Intellectual Property of Grantor, including, without limitation, (a) all of Grantor's Trademarks (as herein defined), whether presently existing or hereafter acquired or arising, or in which Grantor now has or hereafter acquires rights and wherever located; (b) all of Grantor's Trademark Licenses (as herein defined), whether presently existing or hereafter acquired or in which Grantor now has or hereafter acquires rights and wherever located; and (c) all products and proceeds of any of the foregoing, as security for all of the Secured Obligations; and

WHEREAS, it is a condition precedent to the Credit Agreement that Grantor grant to Agent, for its benefit and the benefit of Lenders, a security interest in the Property (as herein defined);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Security Agreement. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (such meaning to be equally applicable to both the singular and plural forms of the terms defined):

“Trademark License” means any written agreement now or hereafter in existence granting to Grantor any right to use any Trademark, including, without limitation, the agreements listed on Schedule I attached hereto.

“Trademarks” means all of the following: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and 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 country or any political subdivision thereof (except in any jurisdiction in which the grant of a security interest in trademarks is prohibited and except for any intent to use applications unless or until a statement of use or amendment to assert use has been filed with the United States Patent and Trademark Office), including, without limitation, those U.S. registrations and applications for registration listed on Schedule I attached hereto, together with all the rights, benefits and privileges derived therefrom and the goodwill of the business symbolized thereby, (ii) all renewals thereof and (iii) all proceeds of the foregoing.

2. As security for all of the Secured Obligations (as such term is defined in the Security Agreement), Grantor hereby grants and conveys a security interest to Agent, for its benefit and the benefit of the Lenders, in all of Grantor’s right, title and interest in, to and under the following (collectively, the “Property”):

(a) each Trademark now or hereafter owned by Grantor or in which Grantor now has or hereafter acquires rights (other than Trademark Licenses) and wherever located (except any jurisdiction in which the grant of a security interest in trademarks is prohibited) and the goodwill of the business of Grantor relating thereto or represented thereby, including, without limitation, each U.S. registration and application for registration of a Trademark referred to in Schedule I hereto; and

(b) each Trademark License now or hereafter held by Grantor or in which Grantor now has or hereafter acquires rights, to the extent each of the Trademark Licenses does not prohibit assignment or the granting of a security interest in the rights thereunder, and wherever located, including, without limitation, the Trademark Licenses, if any, referred to in Schedule I hereto; and

(c) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of any Trademark or breach of Trademark Licenses, if any, including, without limitation, any Trademark or Trademark License referred to in Schedule I hereto.

3. Grantor does hereby further acknowledge and affirm that the representations, warranties and covenants of Grantor with respect to the Property and the rights and remedies of Agent with respect to the security interest in and collateral assignment of the Property made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

4. This Agreement shall terminate upon termination of the Security Agreement. At any time and from time to time prior to such termination, Agent may terminate its security interest in any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from Grantor, Agent shall, at the expense of Grantor, execute and deliver to Grantor all documents as Grantor may reasonably request (but without recourse or warranty by Agent or any Lender) in order to evidence such termination.

5. If at any time before the termination of this Agreement in accordance with Section 4, Grantor shall obtain or acquire rights to any new Trademark or Trademark License, the provisions of Section 2 shall automatically apply thereto and Grantor shall comply with the terms of the Credit Agreement and the Security Agreement with respect to such new Trademark or Trademark License. Grantor authorizes Agent to modify this Agreement by amending Schedule I to include any future Trademarks and Trademark Licenses covered by Section 2 or by this Section 5.

6. Grantor further agrees that (a) neither Agent nor any Lender shall have any obligation or responsibility to protect or defend the Property and Grantor shall at its own expense protect, defend and maintain the same in accordance with the terms and conditions set forth in the Credit Agreement and the Security Agreement, (b) Grantor shall forthwith advise Agent promptly in writing upon detection of infringements of any of the Property being used in Grantor's businesses and (c) if Grantor fails to comply with the requirements of the preceding clause (a), Agent or any Lender may do so in Grantor's name or in its own name, but in any case at Grantor's expense, and Grantor hereby agrees to reimburse Agent and the Lenders for all expenses incurred by Agent or such Lender, including reasonable attorneys' fees, actually incurred by Agent and the Lenders in protecting, defending and maintaining the Property.

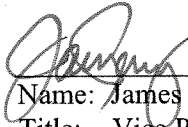
7. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

8. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT PERFECTION (AND THE EFFECT OF PERFECTION AND NONPERFECTION) AND CERTAIN REMEDIES MAY BE GOVERNED BY THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK.

[Signature Pages Follow]

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

AAI CORPORATION

By: 
Name: James H. Perry
Title: Vice President and Chief Financial Officer

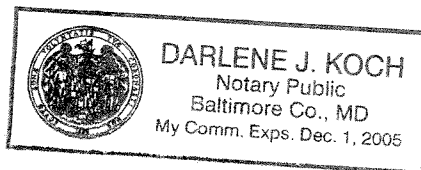
ACKNOWLEDGMENT OF GRANTOR

STATE OF MARYLAND)
) ss.
COUNTY OF BALTIMORE)

On this 15th day of July, 2005 before me personally appeared James H. Perry proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of AAI Corporation, who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

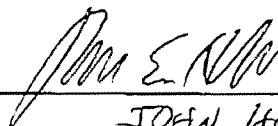

Notary Public

{seal}



[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

SUNTRUST BANK,
a Georgia banking corporation

By: 
Name: JOHN HEATH
Title: VP

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

Schedule I
to Trademark Security Agreement

PENDING AND REGISTERED U.S. TRADEMARKS

U.S. Registered Trademarks:

| <u>Trademark</u> | <u>Owner</u> | <u>Federal Reg. No.</u> |
|---|---------------------|--------------------------------|
| AAI (Design) Circle with Dart (Shaded)* | AAI Corporation | 2,036,573 |
| TDCue | AAI Corporation | 2,779,387 |
| PDCue | AAI Corporation | 2,788,609 |
| Shadow | AAI Corporation | 2,867,234 |

U.S. Trademark Applications

| <u>Trademark</u> | <u>Owner</u> | <u>Serial No.</u> |
|-------------------------|---------------------|--------------------------|
| ABE | AAI Corporation | 76/634,565 |
| ABE Design | AAI Corporation | 76/628,850 |
| AAI and Design | AAI Corporation | 76/604,249 |
| UAV System Specialist | AAI Corporation | 76/588,563 |
| One System | AAI Corporation | 76/582,199 |
| Innovation that Works | AAI Corporation | 76/568,206 |

TRADEMARK LICENSES

None.