

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
Pemco World Air Services, Inc.		10/16/2007	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Merrill Lynch Credit Products, LLC		
Street Address:	4 World Financial Center		
Internal Address:	7th Floor		
City:	New York		
State/Country:	NEW YORK		
Postal Code:	10080		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Registration Number:	1928070	PEMCO WORLD AIR SERVICES	
Registration Number:	2640562	PEMCO	
Registration Number:	2640561	PEMCO	
Registration Number:	1871578	PEMCO AEROPLEX	
CORRESPONDENCE DATA			
Fax Number:	(952)995-9577		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	952-224-7285		
Email:	pat.shriver@fmjlaw.com		
Correspondent Name:	Ernest P. Shriver		
Address Line 1:	775 Prairie Center Drive		
Address Line 2:	Suite 400		
Address Line 4:	Eden Prairie, MINNESOTA 55344		
ATTORNEY DOCKET NUMBER:	60829-18		

OP \$115.00 1928070

NAME OF SUBMITTER:	Ernest P. Shriver
Signature:	/eps/
Date:	01/07/2008

Total Attachments: 18

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SECURITY AGREEMENT - INTELLECTUAL PROPERTY

THIS SECURITY AGREEMENT - INTELLECTUAL PROPERTY (the "Agreement"), dated as of the 16th day of October, 2007, among Merrill Lynch Credit Products, LLC, a Delaware limited liability company ("Secured Party"), and Pemco World Air Services, Inc., a Delaware corporation (the "Debtor").

WHEREAS, pursuant to that certain Loan and Security Agreement among the Secured Party and the Debtor of even date herewith (the "Loan Agreement"), the Secured Party has agreed to make loans to the Debtor in the maximum aggregate principal amount of \$35,000,000.00; and

WHEREAS, the Debtor has agreed to enter into this Security Agreement-Intellectual Property in order to induce the Secured Party, inter alia, to enter into the Loan Agreement and to purchase the Notes issued by the Debtor thereunder;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. Except as to those terms otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the respective meanings ascribed to them in the Loan Agreement.

Section 2. The Security Interests.

2.1. In order to secure the due and punctual payment of the Notes, and the performance of all other Liabilities of the Debtor owing to the Secured Party from time to time (including, without limitation, Liabilities pursuant to the Loan Agreement and this Agreement), the Debtor hereby grants to the Secured Party a continuing security interest in and to any and all of Debtor's:

2.1.1. Patents. Patents, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Patent" means and includes (i) all letters patent of the United States or any other country or any political subdivision thereof, now existing or hereafter acquired, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country or any political subdivision thereof, now existing or hereafter acquired, 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 and (ii) all reissues, continuations, continuations-in-part or extensions thereof), including without limitation each Patent listed on Schedule A hereto, and all of the inventions now or hereafter described and claimed in the Debtor's Patents;

- 2.1.2. Patent Licenses. Patent Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Patent Licenses" means and includes any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including without limitation each Patent License listed on Schedule A hereto, and all royalties and other sums due or to become due under or in respect of the Debtor's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;
- 2.1.3. Trademarks. Trademarks and Trademark registrations, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Trademarks" means and includes (i) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all 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 and (ii) all reissues, extensions or renewals thereof), including without limitation each Trademark registration listed on Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark registration and all customer lists and other records of the Debtor relating to the distribution of products bearing a Trademark;
- 2.1.4. Trademark Licenses. Trademark Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Trademark Licenses" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including without limitation the agreements described in Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of the Debtor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;
- 2.1.5. Copyrights. Copyrights and Copyright registrations, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Copyrights" means and includes (i) all copyrights, whether or not published or registered, and all works of authorship and other intellectual property and the rights therein, including without limitation copyrights for materials incorporated within any Supplemental Type Certificate or computer programs and data bases, and all

copyrightable materials, and all tangible property embodying such copyrights or copyrightable materials, 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 Copyright Office or in any similar office or agency of the United States, any state thereof any other country or any political subdivision thereof, and (ii) all renewals, derivative works, enhancements, modifications, new releases and other revisions thereof, and (iii) all accounts receivable, income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, including without limitation payments under all licenses entered into in connection therewith, and (iv) all rights corresponding thereto throughout the world), including without limitation each Copyright registration listed on Schedule A hereto;

- 2.1.6. Copyright Licenses. Copyright Licenses, whether now owned or hereafter acquired, or in which the Debtor now has or hereafter acquires any rights (the term "Copyright Licenses" means and includes any written agreement granting to any person the right to use or exploit any Copyright or Copyright registration of another person, including without limitation the right to use the foregoing to prepare for sale or distribution and sell or distribute any and all inventory now or hereafter owned by the Debtor and now or hereafter covered by such licenses), including without limitation the license and subscription agreements listed on Schedule A hereto, and all royalties and other sums due or to become due under or in respect of the Debtor's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums;
- 2.1.7. Know-How and Trade Secret Collateral. All know-how, inventions, processes, methods, information, data, plans, blueprints, specifications, designs, drawings, engineering reports, test reports, material standards, processing standards and performance standards, to the extent that the foregoing pertain to manufacturing, production or processing operations of the Debtor and constitute trade secrets of the Debtor, and all licenses or other similar agreements granted to or by the Debtor with respect to any of the foregoing;
- 2.1.8. General Intangibles and Records Relating Thereto. General intangibles relating to any of the above-described property and supporting evidence and documents relating to any of the above-described property, including without limitation written applications, correspondence, delivery receipts and notes, together with all books of account, ledgers and cabinets in which the same are reflected or maintained, all whether now existing or hereafter arising;

- 2.1.9. Accessions and Additions. All accessions and additions to and substitutions and replacements of any and all of the foregoing, whether now existing or hereafter arising; and
- 2.1.10. Proceeds and Products. All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including without limitation (i) any claim of the Debtor against third parties for damages by reason of past, present or future infringement of any (a) Patent or any Patent licensed under any Patent License, (b) Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or (c) Copyright or Copyright registration or of any Copyright licensed under any Copyright License, and (ii) any claim by the Debtor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license or agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (i) and (ii);

all of the foregoing being herein sometimes referred to as the "Collateral."

2.2. The security interests granted pursuant to this Section 2 (the "Security Interests") are granted as security only, and unless caused by the Secured Party's own gross negligence or willful misconduct shall not subject the Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction which gave rise thereto.

Section 3. Use of Collateral. Notwithstanding anything to the contrary contained herein, unless an Event of Default has occurred and is continuing, the Debtor may continue to exploit, license, use, enjoy and protect the Collateral throughout the world and the Secured Party shall from time to time execute and deliver, upon written request of the Debtor, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the reasonable judgment of the Debtor to enable the Debtor to continue to exploit, license, use, enjoy and protect the Collateral throughout the world.

Section 4. Filing of Financing Statements and Other Instruments. The Debtor: (i) will, at its expense, execute, deliver, file and record (in such manner and form as the Secured Party shall reasonably require), or permit the Secured Party to file and record, such financing statements, assignments, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including without limitation the United States Patent and Trademark Office, the United States Copyright Office, or the offices of the FAA) as the Secured Party may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Secured Party hereunder (all of such documents referred to in the preceding sentence, with the exception of this Agreement, are

hereinafter referred to as the "Financing Statements") ; (ii) hereby authorizes the Secured Party to file and record such instruments and documents and any other instruments or documents related thereto without the signature of the Debtor where permitted by law; and (iii) agrees to do such further acts and things, and to execute and deliver to the Secured Party such additional instruments and documents, as the Secured Party may reasonably require to carry into effect the purposes of this Agreement or to better assure and confirm unto the Secured Party its respective rights, powers and remedies hereunder; provided, however, that the Secured Party shall give the Debtor notice of any action taken or to be taken by the Secured Party pursuant to this Section 4. All of the foregoing are to be at the sole cost of the Debtor. Any costs of the foregoing incurred by the Secured Party shall be payable by the Debtor within ten (10) days of demand by the Secured Party, together with interest thereon from the date that is ten days after the Secured Party's demand, at the Default Rate (as defined in the Loan Agreement) until so paid, and shall constitute so much additional Liabilities. The Debtor hereby appoints the Secured Party as the Debtor's attorney-in-fact to execute and file, in the name and on behalf of the Debtor, any additional Financing Statements as the Secured Party may request.

Section 5. Representations and Warranties of Debtor. The Debtor hereby represents and warrants that:

5.1. The Debtor is, and, as to the Collateral acquired by it from time to time after the date hereof, the Debtor will be, the owner or, as applicable, licensee of all the Collateral attributed to it pursuant to the Schedule A hereto. The Debtor's rights in such Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, license, assignment, collateral assignment or charge of any kind, including without limitation any filing of or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and except for the Permitted Liens. The Debtor has not made a previous assignment, conveyance, transfer or agreement in conflict herewith. The Debtor further represents and warrants to the Secured Party that Schedule A hereto is a true and correct list of all Patents, Patent Licenses, registered and material unregistered Trademarks, Trademark Licenses, registered and material unregistered Copyrights and Copyright Licenses owned or used by the Debtor as of the date hereof and that Schedule A is a true and correct with respect to the matters set forth therein as of the date hereof.

5.2. The Debtor has full corporate power to pledge and grant a security interest in all the Collateral pursuant to this Agreement.

5.3. No authorization, consent, approval, license, qualification or exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority, or with any securities exchange or any other party, is required in connection with (i) the Debtor's execution, delivery or performance of this Agreement, (ii) the security interest (including the priority thereof when the appropriate filings have been made and accepted) in the Collateral in the manner and for the purpose contemplated by this Agreement or (iii) the rights of the Secured Party created hereby, except those that have already been obtained or made and those referred to in Section 5.6.

5.4. The Debtor has made all necessary filings and recordations to protect its interest in the Collateral.

5.5. The use of the Collateral by the Debtor does not, to the best of the Debtor's knowledge after due inquiry, infringe on the rights of any party, nor has any claim of such infringement been made.

5.6. Upon filings and the acceptance thereof in the appropriate offices under the Uniform Commercial Code and in the United States Patent and Trademark Office, the United States Copyright Office, and the offices of the FAA, this Agreement will create a valid and duly perfected lien and security interest in the Collateral located in the United States subject only to the lien and security interest created by this Agreement and the Permitted Liens.

Section 6. Covenants of the Debtor. The Debtor hereby covenants and agrees that:

6.1. Except for Permitted Liens, for any Collateral material to the conduct of the Debtor's business, the Debtor will defend the Collateral and the Security Interests against all claims and demands of all Persons at any time claiming any adverse interest with respect thereto.

6.2. The Debtor will give written notice thereof to the Secured Party at least thirty (30) days prior to any change in the principal executive office of the Debtor or the office where the Debtor maintains its books and records.

6.3. The Debtor will promptly pay any and all taxes, assessments and governmental charges upon the Collateral prior to the date that penalties are attached thereto or the same become a lien on any of the Collateral, except to the extent that such taxes, assessments and charges shall be contested by the Debtor in good faith.

6.4. The Debtor will immediately notify the Secured Party of any event causing a loss or diminution in the value of all or any material part of the Collateral, and the amount (or the Debtor's best estimate of the amount) of such loss or diminution.

6.5. The Debtor (i) will not enter into any agreement that would impair or conflict with such Debtor's obligations hereunder, (ii) will, promptly following its becoming aware thereof, notify the Secured Party of (A) any final adverse determination in any proceeding in the United States Patent and Trademark Office, the United States Copyright Office, or the offices of the FAA with respect to any of the Collateral or (B) the institution of any proceeding or any adverse determination in any federal, state, local or foreign court or administrative bodies regarding the Debtor's claim of ownership in or right to use any of the Collateral, its right to register any such Collateral or its right to keep and maintain such registration; provided, however, that the Secured Party waives all notices from Debtor in the event that such proceedings or determinations described in Sections 6.5(ii)(A) and (B) are not likely to cause a Material Adverse Effect on Debtor's business.

6.6. The Debtor will not sell or offer to sell or otherwise assign, transfer or dispose of, or grant any option with respect to any of the material Collateral or any interest therein without the prior written consent of the Secured Party.

6.7. Except for Permitted Liens, the Debtor will keep all of the material Collateral free from any and all adverse liens, security interests or encumbrances.

6.8. The Debtor will not use any of the material Collateral in violation of any applicable law.

6.9. The Debtor authorizes the Secured Party to modify this Agreement by amending Schedule A hereto to include any future Collateral.

Section 7. Records Relating to Collateral. The Debtor will keep and maintain complete and accurate records concerning the Collateral at its principal executive office, or at such other place(s) of business as the Secured Party may approve in writing. The Debtor will (a) faithfully hold and preserve such records, (b) permit representatives of the Secured Party, at any time during normal business hours, upon reasonable notice, to examine and inspect the Collateral and to make copies and abstracts of such records, and (c) furnish to the Secured Party such information and reports regarding the Collateral as the Secured Party may from time to time reasonably request.

Section 8. Grant of License to Patents, Trademarks, Copyrights, Etc. Without in any way limiting the scope of the lien and security interest created hereby, the Debtor hereby grants to the Secured Party, upon the occurrence and continuance of an Event of Default, an irrevocable, nonexclusive license and right to use all of the Debtor's Patents, Patent applications, Patent Licenses, Trademarks, Trademark registration, Trademark Licenses, trade names, trade styles, Copyrights, Copyright registrations, Copyright Licenses and similar intangibles in the processing, production, marketing, distribution or sale by the Secured Party of all or any part of its collateral for the Liabilities in connection with any foreclosure or other realization on such collateral. The license and rights granted the Secured Party hereby shall be exercisable upon the occurrence and continuance of an Event of Default without the payment of any royalty, fee, charge or any other compensation to the Debtor or any other party. Such license and rights shall include reasonable access to all records in which any of the licensed items may be recorded or stored. Such license and rights shall be absolute and unconditional to the extent used for the purpose stated above.

Section 9. General Authority.

9.1. In the event that the Debtor shall fail to satisfy its obligations under Section 6.3 hereof, then the Secured Party shall have the right, but shall not be obligated, to take such steps and make such payments as may be required in order to effect compliance, and the Secured Party shall have the right either to demand and receive immediate reimbursement from the Debtor for all costs and expenses incurred by the Secured Party in connection therewith, and/or to add such costs and expenses to the Liabilities.

9.2. The Debtor hereby irrevocably appoints the Secured Party the true and lawful attorney for such Debtor, with full power of substitution, in the name of such Debtor, the

Secured Party or otherwise, for the purposes of carrying out the terms of this Agreement, but at such Debtor's expense, to the extent permitted by law to exercise, at any time and from time to time after any Event of Default has occurred and is continuing or upon acceleration, any or all of the following powers with respect to any or all of the Collateral (which powers shall be in addition and supplemental to any powers, rights and remedies of the Secured Party described herein):

- 9.2.1. to demand, sue for and collect any and all moneys due or to become due upon or by virtue thereof; and
- 9.2.2. to receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Secured Party in connection therewith; and
- 9.2.3. to settle, compromise, discharge, extend, compound, prosecute or defend any action or proceeding with respect thereto; and
- 9.2.4. to sell, transfer, assign or otherwise deal in or with same, or the proceeds thereof, as fully and effectually as if the Secured Party were the absolute owner thereof; and
- 9.2.5. to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto; and
- 9.2.6. to discharge any taxes, liens, security interests or other encumbrances at any time placed thereon; provided, that the Secured Party shall give the Debtor not less than thirty (30) days' prior written notice of the time and place of any sale or other intended disposition of any of the Collateral. The Secured Party and the Debtor hereby agree that such notice constitutes "reasonable authenticated notification" within the meaning of Section 9-611(b) of the Uniform Commercial Code, as adopted in the State of New York (the "Code").

Section 10. Remedies Upon Event of Default. If any Event of Default shall have occurred and be continuing, the Secured Party may exercise all of the rights and remedies of a secured party under the Code (whether or not the Code is in effect in the jurisdiction where such rights and remedies are exercised) and, in addition, the Secured Party may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (a) apply the cash, if any, then held by it as Collateral in the manner specified in Section 11 hereof, and (b) if there shall be no such cash or if such cash shall be insufficient to pay all of the Liabilities in full, sell the Collateral, or any part thereof, at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as the Secured Party may deem satisfactory. The Secured Party may require the Debtor to assemble all or any part of the Collateral (or tangible documents, plans, etc., representing any Collateral which is intangible) and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to the Debtor and the Secured Party. Any holder of a Note may be the

purchaser of any or all of the Collateral so sold at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale) and thereafter hold same, absolutely free from any right or claim of whatsoever kind. Upon any such sale, the Secured Party shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption of the Debtor. To the extent permitted by law, the Debtor hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any rule of law or statute now existing or hereafter adopted. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Secured Party may fix in the notice of such sale. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as the Secured Party may determine. The Secured Party shall not be obligated to make such sale pursuant to any such notice. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Secured Party until the selling price is paid by the purchaser thereof, but the Secured Party shall not incur any liability in the case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. The Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court of competent jurisdiction.

Section 11. Application of Collateral and Proceeds. The proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in the following order of priorities:

11.1. first, to pay the expenses of such sale or other realization, and all expenses, liabilities and advances incurred or made by the Secured Party in connection therewith, and any other unreimbursed expenses for which the Secured Party is to be reimbursed pursuant to Section 12 hereof;

11.2. second, to the payment of the Liabilities in such order or manner as the Secured Party, in its sole discretion, shall determine; and

11.3. finally, to pay to the Debtor, or its successors or assigns, or as a court of competent jurisdiction may direct, any surplus then remaining from such proceeds.

Section 12. Expenses. The Debtor shall forthwith upon demand pay to the Secured Party:

12.1. the amount of any taxes or other charges which the Secured Party may have been required to pay by reason of the Security Interests (including any applicable transfer taxes) or to free any of the Collateral from any lien thereon; and

12.2. the amount of any and all reasonable out-of-pocket expenses, including the reasonable fees and disbursements of its legal counsel and the allocated cost of in-house legal services, which the Secured Party may incur in connection with (i) the collection, sale or other disposition of any of the Collateral, (ii) the exercise by the Secured Party of any of the powers conferred upon it hereunder, and/or (iii) any continuing default on the Debtor's part hereunder.

Section 13. Termination of Security Interests; Release of Collateral; Revival of Liabilities. Upon the repayment and performance in full of all of the Liabilities, the Security Interests shall terminate and all rights in the Collateral shall revert to the Debtor. Upon any such termination of the Security Interests or release of Collateral, the Secured Party will, at the Debtor's expense, to the extent permitted by law, execute and deliver to the Debtor such documents as the Debtor shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be. Said execution and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office, the United States Copyright Office, or the offices of the FAA, as the case may be, by which the Secured Party shall terminate, release and without representation, recourse or warranty, reassign to the Debtor all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License including each registration thereof and application therefor, conveyed and transferred to the Secured Party pursuant to this Agreement. If any payment applied by the Secured Party to Liabilities is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Debtor or any other obligor), the Liabilities to which such payment was applied shall for the purposes of this Agreement be deemed to have continued in existence, notwithstanding such application, and this Agreement shall be enforceable as to such Liabilities as fully as if such application had never been made, notwithstanding the surrender of any Note, termination of any financing statement, or cancellation of any instrument or document.

Section 14. Right of Set-Off. In furtherance and not in limitation of any provisions herein contained, the Debtor hereby agrees that any and all deposits or other sums at any time claimed by or due from the Secured Party to the Debtor shall at all times constitute security for the Liabilities, and the Secured Party may exercise any right of set-off against such deposits or other sums as may accrue or exist hereunder and/or under applicable law.

Section 15. Miscellaneous.

15.1. Changes in Writing. Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally but only by a statement in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought.

15.2. Waivers; Non-Exclusive Remedies. No failure on the part of the Secured Party to exercise, and no delay in exercising, and no course of dealing with respect to, any right, power or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Secured Party of any right, power or remedy under this Agreement operate as a waiver thereof; nor shall any single or partial exercise by the Secured Party of any right, power or remedy under this Agreement preclude any exercise

of any other right, power or remedy. The remedies in this Agreement are cumulative and are not exclusive of any other remedies provided by law, in equity or otherwise.

15.3. Assignment. This Agreement may not be assigned by the Debtor without the Secured Party's prior written consent, but shall otherwise be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

15.4. Notices. Section 14.06 of the Loan Agreement, as amended from time to time, is incorporated herein by reference and shall apply to all notices required hereunder as if fully set forth herein.

15.5. Severability. If any provision hereof is held invalid or unenforceable in any jurisdiction, such provision shall (for purposes of enforcement in such jurisdiction only) be reduced in scope and effect to the extent necessary to render same enforceable, and the other provisions hereof shall remain in full force and effect.

15.6. Applicable Law. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

15.7. Consent to Jurisdiction and Venue. Each party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement against another party or its properties in the courts of any jurisdiction. Each party further hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY

IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.8. Section Headings. The headings in this Agreement are for convenience of reference only, and shall not limit or otherwise affect the meaning or interpretation of any provision hereof.

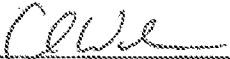
15.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement-
Intellectual Property to be executed as of the day and year first above written.

BORROWER:

PEMCO WORLD AIR SERVICES, INC.

By: 
Name: Chris Walker
Title: VP Finance / CFO

SECURED PARTY:

MERRILL LYNCH CREDIT PRODUCTS,
LLC

By: _____
Name: Brandt G. Wilson
Title: Vice President


[Signature page to Security Agreement - Intellectual Property]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement-
Intellectual Property to be executed as of the day and year first above written.

BORROWER: PEMCO WORLD AIR SERVICES, INC.

By: _____
Name: _____
Title: _____

SECURED PARTY: MERRILL LYNCH CREDIT PRODUCTS,
LLC

By:  _____
Name: Brandt G. Wilson
Title: Vice President

[Signature page to Security Agreement – Intellectual Property]

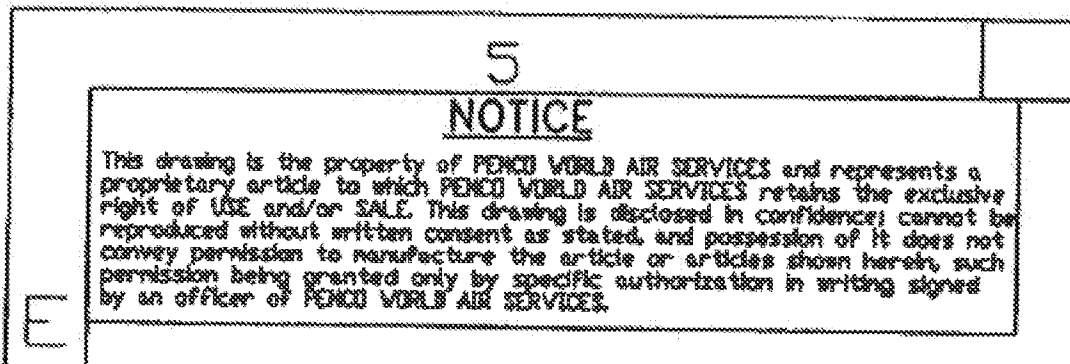
**SCHEDULE A
TO SECURITY AGREEMENT – INTELLECTUAL PROPERTY**

I. Trademarks

United States Patent and Trademark Office

NAME	OWNER	REGISTRATION NUMBER	JURISDICTION
PEMCO WORLD AIR SERVICES (Service Mark) (Cls 37, 40, 42)	Pemco Aviation Group, Inc.	1928070	U.S.A.
PEMCO (and design) (Cls 6, 7, 12)	Pemco Aviation Group, Inc.	2640562	U.S.A.
PEMCO (and design) (Service Mark) (Cls 35, 37, 40, 42)	Pemco Aviation Group, Inc.	2640561	U.S.A.
PEMCO AEROPLEX (Service Mark) (Cls 37, 40, 42)	Pemco Aviation Group, Inc.	1871578	U.S.A.

Proprietary



Data License Agreements

- 6-1171-DA-458 Data License Agreement for Boeing Model 737-200 Aircraft dated 9/7/93
- 6-1171-DA-260 Data License Agreement for Boeing Model 737-300 Aircraft dated 12/15/89
- 6-1171-DA-545 Data License Agreement for Boeing Model 757-200 Aircraft dated 7/16/92

Hardware Material Services General Terms Agreement No. PEF (HMSGTA) dated as of November 17, 2003 by and between The Boeing Company and Pemco World Air Services, Inc. (myboeingfleet.com)

Supplemental Type Certificates

- SA1579SO
- SA1644SO
- SA1746SO
- SA1896SO
- SA2199SO
- SA2200SO
- SA2447SO
- SA2518SO
- SA2522SO
- SA2597SO
- SA3198SO
- SA3246SO
- SA3247SO
- SA781SO
- SA94-150
- ST00371AT
- SA1444SO
- SA1509SO
- SA1543SO
- SA1667SO
- SA2968SO
- SA2969SO
- SA2970SO
- SA2971SO
- ST01269AT
- ST03387AT
- SA94-76
- SA1048SO
- SA1097SO
- SA1248SO
- SA1300SO

SA1428SO
SA1489SO
SA1716SO
SA1740SO
SA1863SO
SA2040SO
SA2792SO
SA3128SO
SA3202SO
SA3211SO
SA3262SO
SA3267SO
SA94-74
SA94-75
SA94-77
SA95-79
SA95-80
SA95-81
SA95-82
ST00065AT
ST00123AT
ST00146AT
ST00201AT
ST00379AT
ST00497AT
ST00604AT
ST00846AT
ST01008AT
ST01009AT
ST01371AT
ST1035SO
ST981SO

Federal Aviation Agency Parts Manufacturer Approval

PMA Holder Number: PQ1037CE

Part Numbers: MDL 4000

MDL 2373

MDL 2374

MDL 015-00001

Software*

Impresa

Oracle EE DB for Impresa

Oracle Application Server

HRMS

Document Express (MHC software)

Oracle SE DB (Time Clock DB)

Rfgen (Datamax)

Perceptive

Dashboard

Crystal Enterprise

Crystal Reports

Oracle Collaboration Suite

Content Services

Oracle Voicemail and Fax

Term Server

Virtual Center

*Fully integrated into Pemco Aeroplex operations and germane to its continued productivity.

Non-Exclusive Licenses

Debtor has agreed to provide drawings, information and other technical data to Advanced Ground Systems Engineering, LLC effective July 2007, for development of engine pallet in Alaska Airlines cargo aircraft.