\$315.00 112

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
AERATION INDUSTRIES INTERNATIONAL, LLC		l12/31/2010 l	LIMITED LIABILITY COMPANY:

RECEIVING PARTY DATA

Name:	MEDALLION CAPITAL, INC.	
Street Address:	3000 WEST COUNTY ROAD 42, SUITE 301	
City:	BURNSVILLE	
State/Country:	MINNESOTA	
Postal Code:	55337-4287	
Entity Type:	CORPORATION: MINNESOTA	

PROPERTY NUMBERS Total: 12

Property Type	Number	Word Mark	
Registration Number:	1128167	AIRE-02	
Registration Number:	1417427	AIRE-02	
Registration Number:	2250712	AIRE-O2 TURBO	
Registration Number:	2109390	UNISYSTEM	
Registration Number:	1129810	AERATION INDUSTRIES	
Registration Number:	1114396	A	
Registration Number:	2527750	ACT	
Registration Number:	2286008	AIRE-02 TRITON	
Registration Number:	2903592	AIRE-02 POLARIS	
Registration Number:	2955262	TRI-OVAL	
Registration Number:	3756243	AIRE-O2 BIO-FFILM	
Serial Number:	77476738	ARGOS SBR	

CORRESPONDENCE DATA

Fax Number: (612)371-3207

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

Phone: 6123713211

Email: TMG@LINDQUIST.COM

Correspondent Name: LINDQUIST & VENNUM P.L.L.P.

Address Line 1: 80 SOUTH EIGHTH STREET, 4200 IDS CENTER

Address Line 2: CONNIE HEIKKILA

Address Line 4: MINNEAPOLIS, MINNESOTA 55402

Date:	01/12/2011	
Signature:	/CONNIEHEIKKILA/	
NAME OF SUBMITTER:	CONNIE HEIKKILA	
ATTORNEY DOCKET NUMBER:	381721.0082	

Total Attachments: 12

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PATENT AND TRADEMARK SECURITY AGREEMENT

This Patent and Trademark Security Agreement is entered into as of December 31, 2010 by and between AERATION INDUSTRIES INTERNATIONAL, LLC, a limited liability company organized under the laws of the State of Delaware (the "Debtor"), and MEDALLION CAPITAL, INC. ("Secured Party") pursuant to the Loan Agreement dated December 31, 2010 between the Debtor and Secured Party (the "Loan Agreement"). Capitalized terms used herein without definition have the meanings provided in the Loan Agreement.

Whereas, the execution and delivery of this Agreement is a condition to the Lender extending credit to Debtor;

Now, therefore, Debtor agrees with Secured Party as follows:

1. <u>Definitions</u>. All terms defined in the Loan Agreement that are not otherwise defined herein shall have the meanings stated in the Loan Agreement. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Loan Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several.

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A and any divisions, continuations, continuations-in-part, reissues or corresponding foreign patents and patent applications.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, any registrations or applications for registration therefor, together with the respective goodwill associated with each, fees or royalties with respect to each, including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B and any divisions or renewals thereof or corresponding foreign trademark registrations and applications.

2. <u>Security Interest</u>. The Debtor hereby irrevocably pledges and assigns to, and grants to the Secured Party a security interest, with power of sale to the extent permitted by law, (the "Security Interest") in the Patents and in the Trademarks to secure payment and performance of the Obligations. As set forth in greater detail in the Security Agreement, the Security Interest in the Trademarks is coupled with a security interest in substantially all of the assets (without regard to real property) of the Debtor.

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- 3. <u>Representations, Warranties and Agreements</u>. Debtor hereby represents, warrants and agrees as follows:
- (a) The Debtor has full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor's Board of Managers or other governing body, and if necessary its equity holders, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its certificate of formation or limited liability company agreement or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct legal name of the Debtor is as set forth at the beginning of this Agreement. Except for any financing statement required to be filed under the applicable Uniform Commercial Code (the "UCC") and any filing or recording of this Agreement in the U.S. Patent and Trademark Office, the authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.
- (b) All of the Patents identified in <u>Exhibit A</u> are owned or controlled by the Debtor as of the date hereof and the information in <u>Exhibit A</u> accurately reflects the existence and status of the Patents listed therein as of the date hereof.
- (c) All of the Trademarks identified in <u>Exhibit B</u> are owned or controlled by the Debtor as of the date hereof and the information in <u>Exhibit B</u> accurately reflects the existence and status of Trademarks listed therein as of the date hereof.
- (d) Except as set forth in Exhibit C, the Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all security interests, liens and encumbrances, except the Security Interest. Except as set forth in Exhibit C, the Debtor (i) will have, at the time the Debtor acquires ownership in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark, free and clear of all security interests, liens and encumbrances, except the Security Interest, and (ii) except for licenses entered into hereafter in the ordinary course of business for fair consideration and which do not cause material harm to the Secured Party as holder of the Note, will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest.
- (e) The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent, except (i) as permitted in Section 3(d)(ii) above, and (ii) sale or disposition of Patents or Trademarks that provide no material continuing benefit to Debtor.
- (f) The Debtor will at its own expense, and using its best efforts, protect and defend the Patents and Trademarks against all claims or demands of all persons other than the Secured Party, which would cause material harm to the Secured Party.

- Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to register or obtain letters patent, file all affidavits and renewals, and pay all annuities and maintenance fees possible with respect to issued registrations and letters patent. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Patent or Trademark (except for those that provide no material continuing benefit to Debtor), nor fail to file any required affidavit in support thereof, without first providing the Secured Party: (i) sufficient written notice to allow the Secured Party to timely pay any such maintenance fees or annuity or take such other action which may become due on any of said Patents or Trademarks, or to file any affidavit with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit, or take such other action, should such be necessary or desirable.
- (h) If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.
- (i) Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all monies expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to any of the Obligations.
- (j) To facilitate the Secured Party's taking action under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the payment and performance of all Obligations.

- 4. <u>Debtor's-Use of the Patents and Trademarks</u>. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains unwaived or uncured.
- 5. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) a Default, as defined in the Loan Agreement, shall occur; or (b) the Debtor shall fail promptly (including any applicable grace period) to observe or perform any covenant or agreement herein binding on it and such breach or default is not cured (if capable of cure) within 20 days of the date such breach or default occurs; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.
- 6. <u>Remedies</u>. Upon the occurrence of an Event of Default and at any time thereafter during its continuance, the Secured Party may, at its option, take any or all of the following actions:
- (a) The Secured Party may exercise any or all remedies available under the Loan Agreement.
- (b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks in each case in accordance with the provisions of the UCC.
- (c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if the Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of the Secured Party, do any and all lawful acts and execute any and all proper documents required by the Secured Party in aid of such enforcement.
- Miscellaneous. This Agreement and Secured Party's rights under this Agreement 7. or under applicable law may be enforced by Secured Party, at its discretion, against any one or more of the parties referred to above which are encompassed within the term Debtor, without any need to bring any enforcement action against the other parties who are encompassed within the term Debtor. This Agreement has been duly and validly authorized by all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. Except as required by the UCC, the Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Patents and Trademarks in any

particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of Minnesota without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

- Consent to Jurisdiction. AT THE OPTION OF THE SECURED PARTY, THIS 8. AGREEMENT MAY BE ENFORCED IN ANY FEDERAL COURT OR MINNESOTA STATE COURT SITTING IN MINNEAPOLIS OR ST. PAUL, MINNESOTA; AND EACH PARTY HERETO CONSENTS TO THE JURISDICTION AND VENUE OF ANY SUCH COURT AND WAIVES ANY ARGUMENT THAT VENUE IN SUCH FORUMS IS NOT IN THE EVENT ANY PARTY COMMENCES ANY ACTION IN CONVENIENT. ANOTHER JURISDICTION OR VENUE UNDER ANY TORT OR CONTRACT THEORY ARISING DIRECTLY OR INDIRECTLY FROM THE RELATIONSHIP CREATED BY THIS AGREEMENT, SECURED PARTY AT ITS OPTION SHALL BE ENTITLED TO HAVE THE **JURISDICTIONS** AND **TRANSFERRED** TO ONE OF THE ABOVE-DESCRIBED, OR IF SUCH TRANSFER CANNOT BE ACCOMPLISHED UNDER APPLICABLE LAW, TO HAVE SUCH CASE DISMISSED WITHOUT PREJUDICE.
- 9. <u>Waiver of Trial by Jury</u>. EACH PARTY TO THIS AGREEMENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

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Agreement as of the date first written above.				
MEDALLION CAPITAL, INC.	AERATION INDUSTRIES INTERNATIONAL, LLC			
By: John VI	Bv:			

In Witness Whereof, the parties have executed this Patent and Trademark Security

In Witness Whereof, the parties Agreement as of the date first written above	have executed this Patent and Trademark Security ve.
MEDALLION CAPITAL, INC.	AERATION INDUSTRIES INTERNATIONAL, LLC
Ву:	De MIL MANNER

EXHIBIT A TO PATENT AND TRADEMARK SECURITY AGREEMENT

PATENTS

Description or Title	Patent or Application No.	Country	Date of Issue
Turbo Enhancement	5,707,562	USA	1/13/98
Turbo Enhancement	1123261	EPO	5/03/96
Air Assist, Triton	5,744,072	USA	4/28/98
,	1122191	Brazil	Pending
	1122261	EPO	10/1/03
	1122281	France	Pending
	1122291	Germany	Pending
	1122571	Spain	Pending
	1122641	U.K.	Pending
,	1122371	Japan	10/14/05
	1122411	Mexico	8/13/02
Air Assist (Large)	7,172,177	USA	2/06/07
	1126211	China	Pending
Aerator Float Design	D401,547	USA	11/24/98
Bio Film	7,465,394	USA	12/16/08
Bio Film	1128111	PCT	Pending
Wastewater Treatment System	7,678,274	USA	3/16/10
Wastewater Treatment System	12/724,293	USA	Pending

Error! Unknown document property name.

EXHIBIT B TO PATENT AND TRADEMARK SECURITY AGREEMENT

TRADEMARK REGISTRATIONS

Registration	Country	Mark	Registration Date
<u>Number</u>			
1,128,167	United States	AIRE-O ₂	12/25/1979
1332513	Argentina	AIRE-O ₂	2/16/1989
A479205	Australia	AIRE-O ₂	1/5/1988
461086	Benelux	AIRE-O ₂	5/26/1989
814603750	Brazil	AIRE-O ₂	5/1/1990
TMA370277	Canada	AIRE-O ₂	7/6/1990
349698	China	AIRE-O ₂	5/28/1989
146,958	Colombia	AIRE-O ₂	7/12/1993
VR 1990 07019	Denmark	AIRE-O ₂	10/26/2000
72,189	Egypt	AIRE-O ₂	9/11/1989
1453/89	Ecuador	AIRE-O ₂	9/14/1989
118,596	Finland	AIRE-O ₂	5/5/1992
1,462,863	France	AIRE-O ₂	2/18/1988
1,128,964	Germany	AIRE-O ₂	10/13/1988
307,797	Indonesia	AIRE-O ₂	6/18/1993
68745	Israel	AIRE-O ₂	3/16/1988
520693	Italy	AIRE-O ₂	1/12/1990
2,252,329	Japan	AIRE-O ₂	7/30/1990
2720872	Japan	AIRE-O ₂	4/25/1997
84/02149	Malaysia	AIRE-O ₂	5/19/1995
484742	Mexico	AIRE-O ₂	3/9/1995
54261	Panama	AIRE-O ₂	9/19/1991
87917	Peru	AIRE-O ₂	11/2/1990
37183	Philippines	AIRE-O ₂	4/24/1987
258061	Portugal	AIRE-O ₂	3/10/1993
104171	Republic of Korea	AIRE-O ₂	8/10/1984
B873/88	Singapore	AIRE-O ₂	2/29/1988
1527592	Spain	AIRE-O ₂	10/27/1994
226 144	Sweden	AIRE-O ₂	8/30/1991
Kor73703	Thailand	AIRE-O ₂	6/20/1989
1,332,836	United Kingdom	AIRE-O ₂	1/23/1988
B2314/1992	Hong Kong	AIRE-O ₂	3/17/1988
117130	Turkey	AIRE-O ₂	9/8/1989
29314	Bangladesh	AIRE-O ₂	9/7/1989
1,417,427	United States	AIRE-O ₂	11/18/1996
2,250,712	United States	AIRE-O ₂ TURBO	6/8/1999
395,509	European	AIRE-O ₂ TURBO	2/23/1999

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	Community		
2,109,390	United States	UNISYSTEM	10/28/1997
1,129,810	United States	AERATION	1/29/1980
		INDUSTRIES	2/6/1070
1,114,396	United States	A and Design	3/6/1979
A509680	Australia	A and Design	5/1/1989
671113	Benelux	A and Design	12/7/1999
826311288	Brazil	A and Design	12/15/2009
72,870	Egypt	A and Design	10/3/1988
1,463,729	France	A and Design	5/5/1988
550346	Italy	A and Design	6/1/1988
84/02148	Malaysia	A and Design	8/18/1989
38029	Philippines	A and Design	2/3/1988
104170	Republic of Korea	A and Design	8/10/1984
1,340,729	United Kingdom	A and Design	4/8/1988
	United States	AIRE-O ₂ TRIDENT	Pending
2,527,750	United States	ACT	1/8/2002
2,286,008	United States	AIRE-O ₂ TRITON	10/12/1999
TMA514,187	Canada	AIRE-O ₂ TRITON	8/10/1999
614727	Mexico	AIRE-O ₂ TRITON	6/22/1999
000653824	European Community	AIRE-O ₂ TRITON	5/29/2000
2,903,592	United States	AIRE-O ₂ POLARIS	11/16/2004
2,955,262	United States	TRI-OVAL	5/24/2005
3071892	China	TRI-OVAL	6/7/2003
2544559	Europe Patent Office	TRI-OVAL	7/4/2003
787845	Mexico	TRI-OVAL	4/24/2003
3,756,243	United States	AIRE-O ₂ BIO- FFILM	3/2/2010
	Canada	AIRE-O ₂ BIO- FFILM	Pending
5930438	China	AIRE-O ₂ BIO- FFILM	12/14/2009
1001875	Mexico	AIRE-O ₂ BIO- FFILM	9/14/2007
Serial No. 77,476,738	United States	Argos SBR	Pending

TRADENAMES

New Jersey: Aeration Industries International, LLC d/b/a Aeration Industries International – NJ, LLC.

REGISTERED DOMAIN NAMES:

- 1. Aireo2.com
- 2. Aire02.com
- 3. Aerationindustries.com
- 4. Bio-ffilm.com

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EXHIBIT C TO PATENT AND TRADEMARK SECURITY AGREEMENT

LICENSES AND ROYALTY AGREEMENTS

NONE

SECURITY INTERESTS, LIENS AND ENCUMBRANCES

Security interest of M&I Marshall & Ilsley Bank

OTHER INTERESTS

NONE

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