

SUPPLEMENTAL SECURITY AGREEMENT
(Trademarks)

THIS SUPPLEMENTAL SECURITY AGREEMENT (the "Supplemental Trademark Agreement") is made and dated this 26 day of April, 2000 by and between ENCAD, INC., a California corporation ("Borrower"), and SANWA BANK CALIFORNIA ("Lender").

RECITALS

A. Pursuant to that certain Credit Agreement dated concurrently herewith between Lender and Borrower (as amended, extended and replaced from time to time, the "Credit Agreement and with capitalized terms used herein and not otherwise defined used with the meanings given such terms in the Credit Agreement), Lender agreed to extend credit to Borrower on the terms and subject to the conditions set forth therein. As collateral security for its obligations to Lender under the Credit Agreement, Borrower has granted to Lender a first priority perfected security interest in certain assets of Borrower, including, without limitation, all patents, trademarks, service marks, trade names, copyrights, goodwill, licenses and other intellectual property owned by Borrower or used in Borrower's business.

B. The parties hereto desire to supplement the Credit Agreement as it relates to certain of such intellectual property consisting generally of trademarks and to create hereby a document appropriate for recordation in the Patent and Trademark Office of the United States (the "PTO").

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. Confirmation of Grant of Security Interest. Borrower hereby confirms the grant of security interest, pledge, assignment and mortgage set forth in the Credit Agreement and acknowledges that the Collateral described therein includes, without limitation, all of Borrower's right, title and interest in the following (the "Trademark Collateral"):

(a) All trademarks, service marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names trade styles and other source, product and business identifiers pertaining to the products, services and business of Borrower, whether now owned or hereafter acquired, including, without limitation, the trademarks specifically described on Schedule I attached hereto, as the same may be amended or replaced from time to time with the consent of Lender;

(b) All now existing and hereafter arising registrations and applications for registration relating to any of the foregoing, all renewals and extensions thereof throughout the world in perpetuity, and all rights to make such applications and to renew and extend the same;

(c) All now existing and hereafter arising rights and licenses to make, have made, use and/or sell any items disclosed and claimed by any of the foregoing;

(d) All now existing and hereafter arising right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation;

(e) All now existing and hereafter arising rights, claims and interests under licensing or other contracts pertaining to any of the foregoing to the extent such rights are assignable;

(f) All now existing and hereafter arising documents, instruments and agreements which reveal the name and address of sources of supply, distribution methods and all terms of purchase, rental, license or use and delivery for all materials, products and components used in connection with any of the foregoing;

(g) All now existing and hereafter arising specifications as to and quality control manuals used in connection with the operations conducted under the name of or in connection with the foregoing;

(h) All now existing and hereafter arising goodwill associated with any of the foregoing;

(i) All now existing and hereafter arising right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of Borrower or Lender for past, present and future infringements of any of the foregoing;

(j) All products and proceeds of any of the foregoing.

2. Additional Representation and Warranty and Covenant. In addition to all representations and warranties, covenants and agreements set forth in the Credit Agreement, Borrower hereby:

(a) Represents and warrants that Schedule I attached hereto sets forth an accurate and complete list of all trademarks owned by Borrower which are registered with the PTO as of the date hereof; and


(b) Agrees to promptly notify Lender in writing of any additional trademarks registered with the PTO of which Borrower becomes the owner and to amend Schedule I accordingly.

3. No Present Assignment. Neither the Credit Agreement, this Supplemental Trademark Agreement nor any other document, instrument or agreement creates or is intended to create a present assignment of the Trademark Collateral. Subject to the rights of Lender under the Credit Agreement and this Supplemental Trademark Agreement, it is the intention of the parties hereto that Borrower continue to own the Trademark Collateral and that upon the indefeasible payment and performance in full of the Borrower Obligations, the rights of Lender under the Credit Agreement and this Supplemental Trademark Agreement in and to the Trademark Collateral shall be released and terminated.

4. Relationship to Credit Agreement. The Trademark Collateral shall constitute Collateral for all purposes of the Credit Agreement and Lender shall have all rights, powers and remedies with respect to the Trademark Collateral to the same extent as it has with respect to other Collateral. Reference is hereby made to the Credit Agreement, the terms and conditions of which are incorporated herein by this reference.

EXECUTED as of the day and year first above written.

ENCAD, INC., a California corporation

By: 
Terry Vandewarker,
Vice President of Operations

SANWA BANK CALIFORNIA

By: 
Robert A. Jondall, Vice President

Schedule I to
Trademark Credit Agreement

List of Trademarks

<u>Trademark Name</u>	<u>Application/Registration Number</u>
NOVACUT	2,170,194
ENTER	1,320,138
SWEET-P	1,285,051
SWEET-P AND DESIGN	1,286,909
TX PRINT	2,308,485
ENCAD PLOTTERS & DESIGN	1,479,468
ENCAD	85,988 (State of California)
NOVAJET	1,702,418
NOVAJET	3,120,238 (Japan)
NOVAJET	642,227 (Australia)
NOVAJET	92,448,403 (France)
NOVAJET	1,522,733 (UK)
NOVAJET	2,049,172 (Germany)
NOVAJET	636,391 (Italy)
ENCAD	1,752,362
ENCAD	92,446,795 (France)
ENCAD	1,521,873 (UK)
ENCAD	643,415 (Italy)
ENCAD	3,181,064 (Japan)
CADJET	1,965,973
CADJET	29D6612
CADJET	94,541,603 (France)
CADJET	2,001,251 (UK)
CADJET	4,017,364 (Japan)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Diego } ss.

On April 26, 2000, before me, JAN F. Barton Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared TERRY E. VANDERWALKER,
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Jan F. Barton
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Supplemental Security Agreement (Statement)

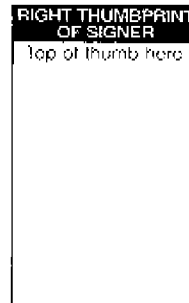
Document Date: 4/26/2000 Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

- Signer's Name: _____
- Individual
 - Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Attorney in Fact
 - Trustee
 - Guardian or Conservator
 - Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

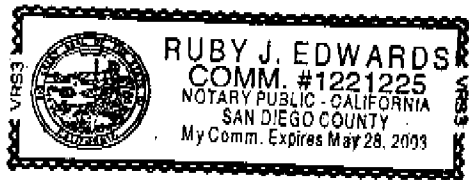
State of California

County of San Diego

On April 27, 2000 before me, Ruby J. Edwards, Notary Public
Date Name and Title of Officer (e.g. "Jane Doe, Notary Public")

personally appeared Robert A. Jondall
Name(s) of Signer(s)

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.
[Signature]
Signature of Notary Public

OPTIONAL

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Title or Type of Document: Security Agreement (Trademarks)

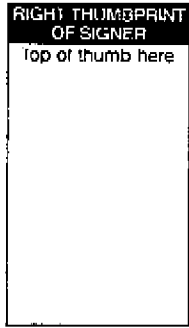
Document Date: April 26, 2000 Number of Pages: 5

Signer(s) Other Than Named Above: Terry E. Vandewarker

Capacity(ies) Claimed by Signer(s)

Signer's Name: Robert A. Jondall

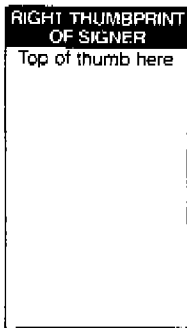
- Individual
- Corporate Officer
Title(s): Vice President
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
Sanwa Bank California

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

IRREVOCABLE POWER OF ATTORNEY

ENCAD, INC., a California corporation, located at 6059 Cornerstone Court West, San Diego, California 92121 ("Borrower") hereby grants to SANWA BANK CALIFORNIA ("Lender"), an exclusive Irrevocable Power of Attorney to (i) transfer trademarks and applications therefor owned by Borrower from time to time, (ii) renew, extend, and protect the foregoing, and (iii) register and record any such transfer, renewal, extension and protection, all in accordance with that certain Credit Agreement dated as of 26 April, 2000 between Borrower and Lender (as amended, extended and replaced from time to time, the "Credit Agreement" and as those terms and other capitalized terms not otherwise defined herein are defined in the Credit Agreement).

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last for as long as any now existing or hereafter arising Obligations remain outstanding.

2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life specified in Paragraph 1 above and is coupled with an interest; it is created for the benefit of the attorney in fact, Lender, rather than for Borrower.

3. This Power of Attorney is created simultaneously with the imposition of other obligations upon Borrower in favor of Lender under the Credit Agreement.

4. The Power of Attorney granted hereunder gives and grants unto said attorney in fact, Lender, full power of substitution to substitute another party for Lender in accordance with the Credit Agreement.

5. The Power of Attorney granted herein is created to secure the performance of the obligations under the Credit Agreement and the Supplemental Credit Agreement (Trademarks) dated concurrently herewith of Borrower to Lender and shall be exercisable by Lender only after the occurrence and during the continuance of a Event of Default.

IN WITNESS WHEREOF, Borrower has caused this Irrevocable Power of Attorney to be executed by its officer thereunto duly authorized, as of April 20, 2000.

ENCAD, INC., a California corporation

By: Terry E. Vandewarker
Terry Vandewarker,
Vice President of Operations

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of San Diego } ss.

On APR 26 2000, before me, JAN F. BARTON, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared TERRY E. VANDERWAAL,
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Jan F. Barton
Signature of Notary Public

OPTIONAL

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Description of Attached Document

Title or Type of Document: Irrevocable Power of Atty

Document Date: April 26, 2000 Number of Pages: 3

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer is Representing: _____

