

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
Pacific Handy Cutter, Inc.		12/27/2006	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	American Capital Financial Services, Inc.
Street Address:	2 Bethesda Metro Center, 14th Floor
Internal Address:	Attn: Brett Hyman
City:	Bethesda
State/Country:	MARYLAND
Postal Code:	20814
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 31

Property Type	Number	Word Mark
Serial Number:	72100795	PACIFIC HANDY CUTTER
Serial Number:	73559665	HANDY HOOKER
Serial Number:	73680150	HANDY SAFETY CUTTER
Serial Number:	73699515	PROPREP
Serial Number:	73167585	QUICK TRASH
Registration Number:	0054814	
Serial Number:	74106517	STEEL-TRACK
Serial Number:	74169078	QUICKBLADE
Serial Number:	74332371	SPECTRUM
Serial Number:	74383000	SPECTRUM S
Serial Number:	74543335	HANDY SAFETY POINT
Serial Number:	74588946	S2
Registration Number:	2259157	DURATIP

OP \$790.00 72100795

Registration Number:	2287341	SNAPPY HOOKER
Registration Number:	2350876	SAFETY FIRST SYSTEM
Registration Number:	2352320	SPECTRUM TOOLS
Registration Number:	2365280	S3
Registration Number:	2525478	SLIP CLIP
Registration Number:	2541211	PHC SAFETY COIN ROLL CUTTER
Registration Number:	2462634	PHC BLADE BANK
Registration Number:	2670037	
Registration Number:	2765010	RAZE
Registration Number:	2926701	SUPERLITE
Registration Number:	3021572	RZ3.
Registration Number:	3139678	EZ3
Serial Number:	76628616	HANDYMAN
Serial Number:	76649970	S5
Serial Number:	76649969	S4
Serial Number:	76646242	T1
Serial Number:	76642624	PIN BANK
Serial Number:	76664896	S6

CORRESPONDENCE DATA

Fax Number: (301)654-6714
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 301 841-1359
Email: brett.hyman@americancapital.com
Correspondent Name: American Capital Strategies, Ltd
Address Line 1: 2 Bethesda Metro Center, 14th Floor
Address Line 2: Attn: Brett Hyman
Address Line 4: Bethesda, MARYLAND 20814

NAME OF SUBMITTER:	Brett Hyman
Signature:	/Brett Hyman/
Date:	02/07/2007

Total Attachments: 6
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TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of December 27, 2006, by each of the entities listed on the signature pages hereof or that becomes a party hereto pursuant to Section 7.14 of the Security Agreement referred to below (each a "Grantor" and, collectively, the "Grantors"), in favor of American Capital Financial Services, Inc.. ("ACFS"), as agent for the Secured Parties (as defined in the Note Purchase Agreement referred to below) (in such capacity, the "Agent").

RECITALS:

A. Pursuant to the Note Purchase Agreement, dated as of December 27, 2006 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Purchase Agreement"), among PACIFIC HANDY CUTTER, INC. (the "Borrower"), PHC SHARP HOLDINGS, INC. ("Holdings"), the Lenders party thereto from time to time and ACFS, as agent for the Lenders party thereto from time to time, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

B. Holdings has guaranteed the Obligations pursuant to the Holdings Guaranty, and the Subsidiary Guarantors have guaranteed the Obligations pursuant to the Subsidiary Guaranties; and

C. All the Grantors are party to a Pledge and Security Agreement of even date herewith in favor of the Agent (the "Security Agreement") pursuant to which the Grantors are required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Lenders, the Issuers and the Agent to enter into the Purchase Agreement and to induce the Lenders and the Issuers to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Agent as follows:

SECTION 1. DEFINED TERMS

1.1 Unless otherwise defined herein, terms defined in the Purchase Agreement or in the Security Agreement and used herein have the meaning given to them in the Purchase Agreement or the Security Agreement.

SECTION 2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL

2.1 Each Grantor, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of such Grantor, hereby mortgages, pledges and hypothecates to the Agent, for the benefit of the Secured Parties, and grants to the

Agent, for the benefit of the Secured Parties, a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral of such Grantor (the "Trademark Collateral"):

(a) all of its Trademarks and Trademark Licenses to which it is a party, including, without limitation, those referred to on Schedule I hereto;

(b) all reissues, continuations or extensions of the foregoing;

(c) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(d) all Proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present, future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License.

SECTION 3 SECURITY AGREEMENT


3.1 The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Agent pursuant to the Security Agreement and each Grantor hereby acknowledges and affirms that the rights and remedies of the Agent with respect to the security interest in the Trademark Collateral 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.

[SIGNATURE PAGES FOLLOW]


IN WITNESS WHEREOF, each Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

PACIFIC HANDY CUTTER, INC.
as Grantor

By: 
Name: Mark Marinovich
Title: President and CEO

PHC SHARP HOLDINGS, INC.
as Grantor

By: 
Name: Mark Marinovich
Title: President and CEO

ACCEPTED AND AGREED
as of the date first above written:

AMERICAN CAPITAL FINANCIAL
SERVICES, INC.,
as Agent

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, each Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

PACIFIC HANDY CUTTER, INC.
as Grantor


By: _____
Name: _____
Title: _____

PHC SHARP HOLDINGS, INC.
as Grantor

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED
as of the date first above written:

AMERICAN CAPITAL FINANCIAL
SERVICES, INC.,
as Agent

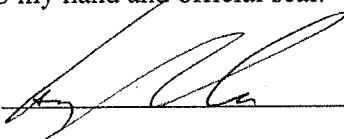
By: 
Name: FRANK D.
Title: SVP

State of California
County of Orange

On December 27, 2006 before me, Hong T. Ta, Notary Public,
(here insert name and title of the officer)

personally appeared Mark Marinovich,
~~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  (Seal)



SCHEDULE I
TO
TRADEMARK SECURITY AGREEMENT

TRADEMARKS

Registered U.S. Trademarks:

Trademark Description	Registrant (or Last Registered Owner)	Serial Number	Registration Number	Registration Date
PACIFIC HANDY CUTTER	Pacific Handy Cutter	72/100,795	716,434	June 6, 1961
HANDY HOOKER	Pacific Handy Cutter	73/559,665	1,425,504	Jan. 20, 1987
HANDY SAFETY CUTTER	Pacific Handy Cutter	73/680,150	1,496,565	July 19, 1988
PROPREP	Pacific Handy Cutter	73/699,515	1,497,456	July 26, 1988
QUICK TRASH	Pacific Handy Cutter	73/167,585	1,123,920	Aug. 14, 1979
QUICK TRASH	Pacific Handy Cutter		54814 (California)	June 6, 1978
STEEL-TRACK	Pacific Handy Cutter	74/106,517	1,657,180	Sept. 17, 1991
QUICKBLADE	Pacific Handy Cutter	74/169,078	1,780,781	July 6, 1993
SPECTRUM	Pacific Handy Cutter	74/332.371	1,845.033	July 12, 1994
SPECTRUM S	Pacific Handy Cutter	74/383,000	1,852,814	Sept. 6, 1994
HANDY SAFETY POINT	Pacific Handy Cutter	74/543.335	1,892,800	May 2, 1995
S2	Pacific Handy Cutter	74/588,946	1,950,672	Jan. 23, 1996
DURATIP	Pacific Handy Cutter	Serial No.	2,259,157	July 6, 1999
SNAPPY HOOKER	Pacific Handy Cutter	75/450,244	2,287,341	Oct. 19, 1999
SAFETY FIRST SYSTEM	Pacific Handy Cutter	75/454,308	2,350,876	May 16, 2000
SPECTRUM TOOLS	Pacific Handy Cutter	75/546,182	2,352,320	May 23, 2000
S3 (Design)	Pacific Handy Cutter	75/347,056	2,365,280	July 4, 2000
SLIP CLIP	Pacific Handy Cutter	75/576,765	2,525,478	Jan. 1, 2002
PHC SAFETY COIN ROLL CUTTER	Pacific Handy Cutter	75/517/483	2,541,211	Feb. 19, 2002
PHC BLADE BANK	Pacific Handy Cutter	75/801,502	2,462,634	June 19, 2001
PHC Logo Design (Triangles)	Pacific Handy Cutter	75/773,752	2,670,037	Dec. 31, 2002
RAZE	Pacific Handy Cutter	76/235,123	2,765,010	Sept. 16, 2003
SUPERLITE	Pacific Handy Cutter	76/266,246	2,926,701	Feb. 15, 2005
RZ3.	Pacific Handy Cutter	76/509,112	3,021,572	Nov. 29, 2005
EZ3	Pacific Handy Cutter	76/592,781	3,139,678	Sept. 5, 2006

Pending U.S. Trademarks:

Trademark Description	Applicant	Serial Number	Application Date
HANDYMAN	Pacific Handy Cutter	76/628,616	Jan. 18, 2005
S5	Pacific Handy Cutter	76/649,970	Nov. 8, 2005
S4	Pacific Handy Cutter	76/649,969	Nov. 8, 2005
T1	Pacific Handy Cutter	76/646,242	Sept. 6, 2005
PIN BANK	Pacific Handy Cutter	76/642,624	July 11, 2005
S6	Pacific Handy Cutter	76/664896	Aug. 21, 2006