

07-28-1999



R SHEET
ILY

To the Honorable Commissioner

101102987

ie attached original documents or copy thereof.

1. Name of conveying party(ies):

Viskase Sales Corporation

- Individual(s)
- General Partnership
- Corporation (Delaware)
- Other
- Association
- Limited Liability

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):

Name: D.P. Kelly & Associates, L.P.

Internal Address: 701 Harger Road, Suite 190

City: Oak Brook State: Illinois ZIP: 60521

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership Delaware
- Corporation-State
- Other

If assignee is not domiciled in the United States domestic representative designation is attached: Yes No

(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: June 14, 1999

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark registration No.(s)

1,501,289 1,987,533

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: VEDDER,PRICE, KAUFMAN & KAMMHOLZ

Attention: Tammy S. Settle

Internal Address:

Street Address: 222 North LaSalle Street Suite 2600

City: Chicago State: IL ZIP: 60601

6. Total number of applications and registrations involved: 2

7. Total Fee (37 CFR 3.41) \$ 65.00

- Enclosed
- Authorized to be charged to deposit account (Any Deficiencies)

8. Deposit account number: 22-0259

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Tammy S. Settle
Name of Person Signing

Signature

July 23, 1999
Date

Total number of pages including cover sheet, attachments, and document: 16

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

07/27/1999 DNGUYEN 00000179 1501289

01 FC:481
02 FC:482

40.00 DP
25.00 DP

**GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY**

THIS GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY (this "Agreement") is made as of this 14th day of June, 1999, by VISKASE SALES CORPORATION, a Delaware corporation ("Viskase Sales"), with its principal place of business at 6855 West 65th Street, Bedford Park, Illinois, 60638 (herein the "Grantor"), and D.P. Kelly & Associates, L.P. ("Lender") which are parties to that certain Financing Agreement dated of even date herewith (as amended, modified or supplemented from time to time, the "Financing Agreement") among Lender, each of Viskase Corporation, a Pennsylvania corporation ("Viskase Corporation") and Viskase Sales (each a "Company" and collectively, the "Companies").

W I T N E S S E T H:

WHEREAS, Grantor acknowledges that in view of the business relations between Grantor and the Companies, the making of the Term Loan contemplated by the Financing Agreement will inure to the benefit of Grantor and it is in the direct interest and to the advantage of Grantor that it execute and deliver this Agreement; and

WHEREAS, the Financing Agreement provides, among other things, (i) for the Lender to make the Term Loan to the Companies and (ii) for the grant by the Grantor to the Lender, of a security interest in certain of the Grantor's assets, including, without limitation, its Intellectual Property Collateral (as defined below), all as more fully set forth herein, pursuant hereto and to a Parent Security Agreement of even date herewith (the "Security Agreement") between the parties hereto.

NOW THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the Grantor agrees as follows:

1. Definitions. Capitalized terms used herein and defined in the Financing Agreement shall have the meanings set forth therein unless otherwise specifically defined herein.

2. Grant of Security Interest. To secure the payment of the Guaranteed Obligations (as defined in the Security Agreement), the Grantor hereby grants to the Lender, a security interest, effective immediately, in all of the Grantor's right, title and interest in and to all of the following described property, whether now owned or hereafter acquired (collectively herein the "Intellectual Property Collateral"):

(i) patents, patent applications and patent disclosures together with the inventions and improvements described and claimed therein including, without limitation, the patents and applications, if any, listed on Schedule A attached hereto and made a part hereof, and any and all continuations, continuations in part, reissues and renewals thereof and all income,

royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patent Collateral");

(ii) trademarks, trademark applications, trade dress, corporate names, domain names, and tradenames, service marks, and service mark applications, including, without limitation, the trademarks, trademark applications, Intellectual Property, tradenames, service marks, and service mark applications, if any, listed on Schedule B attached hereto and made a part hereof, and any and all reissues and/or renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademark Collateral");

(iii) any license, sublicense, permission, or agreement in which the Grantor has or is granted rights to use any Intellectual Property owned by a third party including, without limitation, agreements, if any, listed on Schedule C attached hereto and made a part hereof (all of the foregoing are sometimes referred to herein individually and/or collectively as the "Intellectual Property Agreement Collateral"). For purposes of filing this Agreement with the U.S. Patent and Trademark Office, Schedule C shall be made confidential (to the extent permitted by law, regulation or policy) on such filing with said office (to the extent reasonably acceptable to Agent);

(iv) copyrightable works, copyrights, copyright applications, mask works, mask work applications, including without limitation the copyrights, copyright applications, mask works, and mask work applications, if any, listed on Schedule D attached hereto and made a part hereof, and any and all registrations and renewals in connection therewith (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Copyright Collateral");

(v) trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, schematics, technology, technical data, designs, drawings, flowcharts, block diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals, and all other proprietary rights (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Other Intellectual Property Collateral");

(vi) the goodwill of the Grantor's business connected with and symbolized by the Intellectual Property Collateral; and

- (vii) all cash and non-cash proceeds of the foregoing.

Notwithstanding the foregoing, the Intellectual Property Collateral shall not include, and Grantor shall not be deemed to have granted a lien or security interest hereunder in, any license, sublicense, agreement, or permission that prohibits the granting of a security interest in such license, sublicense, agreement, or permission or the rights thereunder without the consent of the other party(ies) thereto, which consent has not been obtained (except to the extent any such prohibition would be rendered ineffective under applicable law) or may otherwise not be assigned, licensed, or sublicensed, without breaching any underlying agreements with third parties.

3. Lender' Rights. Upon the occurrence and during the continuance of any Event of Default hereunder, the Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable state or federal laws. The Lender will give the Grantor reasonable notice of the time and place of any public sale of the Intellectual Property Collateral or the time after which any private sale of the Intellectual Property Collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of the Grantor set forth above at least ten (10) days before the date of such sale or disposition. In addition to the foregoing and all other rights and remedies of the Lender, upon the occurrence and during the continuance of any Event of Default hereunder, the Lender shall thereupon have the immediate right to transfer to itself or to sell, assign and transfer to any other person all right, title and interest in and to all or any part of the Intellectual Property Collateral. For purposes of enabling the Lender to exercise rights and remedies hereunder, the Grantor hereby grants to the Lender, to the extent assignable, licensable, or sublicensable, without breaching any underlying agreements with third parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Grantor) to use, assign, license or sublicense any of the Intellectual Property Collateral. A formal irrevocable power of attorney (in the form annexed hereto) is being executed and delivered by the Grantor to the Lender, concurrently with this Agreement to enable such rights to be carried out. The Grantor agrees that, in the event the Lender exercise its rights hereunder and/or pursuant to said power of attorney in accordance with its terms, after written notification of such exercise from the Lender to the Grantor, the Grantor shall never thereafter, without the prior written authorization of the owner or owners of such Intellectual Property Collateral, use any of such Intellectual Property Collateral. The condition of the foregoing provision is such that unless and until there occurs an Event of Default under this Agreement, the Grantor shall continue to own and use the Intellectual Property Collateral in the normal course of its business and to enjoy the benefits, royalties and profits therefrom; provided, however, that from and after the occurrence of an Event of Default and the exercise by the Lender of the rights provided by this Agreement, such rights shall be revoked and the right of the Grantor to enjoy the uses, benefits, royalties and profits of said Intellectual Property Collateral will wholly cease, whereupon the Lender, or its transferee(s) shall be entitled to all of the Grantor's right, title and interest in and to the Intellectual Property Collateral hereby so assigned. This Agreement will not operate to place upon Agent any duty or

responsibility to maintain the Intellectual Property Collateral.

4. Fees. The Grantor will pay all filing fees with respect to the security interest created hereby which the Lender may deem necessary or advisable in order to perfect and maintain the perfection of its security interest in the Intellectual Property Collateral.

5. Representations and Warranties. The Grantor represents and warrants to Agent, for the benefit of the Lender, that: (a) the Grantor lawfully possesses, owns or has the right to use, as applicable, the Intellectual Property Collateral; (b) except for the security interest granted hereby and liens of the type set forth in the definition of Permitted Encumbrances (as defined in the Financing Agreement), the Intellectual Property Collateral will be kept free from all liens, security interests, claims and encumbrances whatsoever; (c) the Grantor has not made or given any prior assignment, transfer or security interest in the Intellectual Property Collateral or any of the proceeds thereof; (d) the Intellectual Property Collateral is and will continue to be, in all respects valid and subsisting and in full force and effect other than such Intellectual Property Collateral which Grantor in its reasonable business judgment elects not to maintain; and (e) there are no known infringements of the Intellectual Property Collateral except for certain claims made by American National Can Company ("ANC"), against Viskase Corporation, which claims Grantor believes to be substantially without merit.

6. Application of Proceeds. The proceeds of any sale, transfer or disposition of the Intellectual Property Collateral shall be applied first to all costs and expenses, including, but not limited to, reasonable attorneys' fees and expenses and court costs, incurred by the Lender, in connection with such sale and the exercise of Lender' rights and remedies hereunder and under the Financing Agreement; next, such proceeds shall be applied to the payment, in whole or in part, of the Obligations due the Lender in such order as the Lender may elect; and the balance, if any, shall be paid to the Grantor or as a court of competent jurisdiction may direct.

7. Defense of Claims. The Grantor will defend at its own cost and expense any action, claim or proceeding affecting the Intellectual Property Collateral or the interest of the Lender, therein. The Grantor agrees to reimburse the Lender for all costs and expenses incurred by the Lender in defending any such action, claim or proceeding. The Grantor agrees that if it learns of any actual or suspected infringement of any material Intellectual Property Collateral, it shall promptly notify the Lender and keep the Lender reasonably informed of the progress of the same and any action taken in response thereto.

8. Rights Cumulative. This Agreement shall be in addition to the Financing Agreement and shall not be deemed to affect, modify or limit the Financing Agreement or any rights that the Lender have under the Financing Agreement. The Grantor agrees to execute and deliver to the Lender (at the Grantor's expense) any further documentation or papers necessary to carry out the intent or purpose of this Agreement including, but not limited to, financing statements under the Uniform Commercial Code.

9. Construction and Invalidity. Any provisions hereof contrary to, prohibited by or invalid under any laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof.

10. CHOICE OF LAW. THE GRANTOR AGREES THAT THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REFERENCE TO ITS CHOICE OF LAW PRINCIPLES. THIS AGREEMENT, TOGETHER WITH THE FINANCING AGREEMENT AND THE SECURITY AGREEMENT, CONSTITUTES THE ENTIRE AGREEMENT OF THE GRANTOR AND THE LENDER WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL, CAN ONLY BE CHANGED OR MODIFIED IN WRITING AND SHALL BIND AND BENEFIT THE GRANTOR, THE LENDER AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS. THE GRANTOR AND THE LENDER, HEREBY EXPRESSLY WAIVE ANY RIGHT OF TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.

11. Events of Default. Any of the following shall constitute an Event of Default under this Agreement: (a) the Grantor shall fail to perform or observe any agreement, covenant or condition required under this Agreement; (b) any warranty or representation made by Grantor in this Agreement shall be or becomes false or misleading in any material respect; or (c) any Event of Default shall occur under the Financing Agreement which is not waived by the Lender, in accordance with the terms thereof.

12. Notices. The Grantor covenants and agrees that, with respect to the Intellectual Property Collateral, it will give the Lender written notice in the manner provided in the Financing Agreement of (a) any claim by a third party that the Grantor has infringed on the rights of a third party, (b) any suspected infringement by a third party on the rights of the Grantor, or (c) any Intellectual Property Collateral created, arising or acquired by the Grantor after the date hereof.

13. Further Assurances. The Grantor will take any such action as the Lender may reasonably require to further confirm or protect Agent's and Lender's rights under this Agreement in the Intellectual Property Collateral. In furtherance thereof, the Grantor hereby grants to the Lender, a power of attorney coupled with an interest which shall be irrevocable during the term of this Agreement to execute any documentation or take any action in the Grantor's behalf required to effectuate the terms, provisions and conditions of this Agreement.

14. Termination. This Agreement shall terminate upon termination of the Financing Agreement and full and final payment of all Obligations of the Grantor thereunder. Upon the Grantor's request, the Lender shall within a reasonable time after any such termination execute and deliver to the Grantor (at the Grantor's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted

herein on any applicable public record.

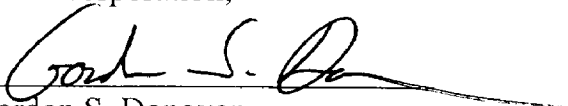
15. CITBC Subordination Agreement. All right, remedies and priorities of the Lender under this Agreement are subject to the CITBC Subordination Agreement. If any provision of this Agreement shall be inconsistent with, or contrary to, any provision in the CITBC Subordination Agreement, the provision in the CITBC Subordination Agreement shall be controlling and shall supersede such inconsistent provision to the extent necessary to give full effect to the provision contained in the CITBC Subordination Agreement.

16. Additional Term Lender Intercreditor Agreement. All right, remedies and priorities of the Lender under this Agreement are subject to the Additional Term Lender Intercreditor Agreement. If any provision of this Agreement shall be inconsistent with, or contrary to, any provision in the Additional Term Lender Intercreditor Agreement, the provision in the Additional Term Lender Intercreditor Agreement shall be controlling and shall supersede such inconsistent provision to the extent necessary to give full effect to the provision contained in the Additional Term Lender Intercreditor Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

VISKASE SALES CORPORATION,
a Delaware corporation,

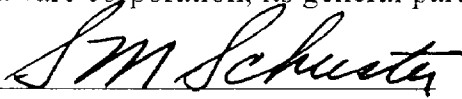
By: 
Gordon S. Donovan

Its: Vice President

Agreed to and accepted this 14th
day of June, 1999:

D.P. KELLY & ASSOCIATE, L.P.,
a Delaware limited partnership

By: C&G Management Company, Inc.,
a Delaware corporation, its general partner

By: 
Stephen M. Schuster

Its: Vice President

**SCHEDULE A TO GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY**

VISKASE SALES CORPORATION

U.S. PATENTS

NONE

**SCHEDULE B TO GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY**

VISKASE SALES CORPORATION

U.S. TRADEMARKS

(See attached listing)

SCHEDULE B TO GRANT OF SECURITY INTEREST IN PATENTS, TRADEMARKS AND LICENSES

VISKASE SALES, INC.

US REGISTERED TRADEMARKS:

| <u>TRADEMARK</u> | <u>NATURE OF GOODS</u> | <u>REGISTRATION NUMBER</u> | <u>REGISTRATION DATE</u> |
|------------------|---|----------------------------|--------------------------|
| CRUSTPAK | Plastic film for wrapping for bakeries and retail food establishments. | 1,501,289 | August 23, 1988 |
| PERFRESH | Plastic flower bulb bags, plastic film, in roll form for industrial & commercial packaging use. | 1,987,533 | July 16, 1996 |

**SCHEDULE C TO GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY**

VISKASE SALES CORPORATION

INTELLECTUAL PROPERTY AGREEMENTS

NONE

**SCHEDULE D TO GRANT OF SECURITY INTEREST IN
INTELLECTUAL PROPERTY**

VISKASE SALES CORPORATION

COPYRIGHTS

NONE

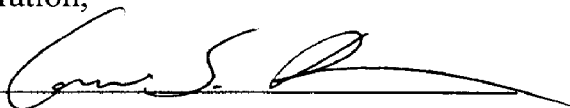
IRREVOCABLE POWER OF ATTORNEY

VISKASE SALES CORPORTION, a Delaware corporation ("Viskase Sales") with offices at 6855 West 65th Street, Bedford Park, Illinois, 60638 (hereinafter referred to as the "Grantor"), hereby grants to D.P. Kelly & Associates ("Lender") which are parties to that certain Financing Agreement ("Financing Agreement") among the Lender and each of Viskase Corporation, a Pennsylvania corporation and Viskase Sales (each a "Company" and collectively, the "Companies"), the exclusive Irrevocable Power of Attorney to transfer to the Lender, or to any designee of the Lender, all Intellectual Property Collateral listed on the Schedules attached to the Grant of Security Interest in Intellectual Property dated as of the date hereof between the Grantor and the Lender (the "Agreement"), including, without limitation, the Grantor's entire inventory of labels and decals bearing any trademarks not affixed to its products, and the right to operate and control, sell, assign, and transfer the business under those trademarks under the following terms and conditions:

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 indebtedness, liabilities or obligations of the Grantor to Lender are outstanding under the Financing Agreement referred to in the Agreement;
2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life as specified in Paragraph 1 hereinabove;
3. The Power of Attorney granted herein shall only be exercisable by the Lender, after the occurrence and during the continuance of an Event of Default under the Agreement; and
4. The Lender shall give the Grantor ten (10) days prior written notice of the exercise of the powers granted hereby, and the waiver by the Lender, of any particular Event of Default under the Agreement shall have no force or effect unless made in accordance with the Financing Agreement described therein. Even then, such waiver shall not constitute or be considered a waiver of any other Event of Default then existing or thereafter arising whether similar or not.

IT WITNESS WHEREOF, the Grantor has caused this Power of Attorney to be executed as of the 14th day of June, 1999.

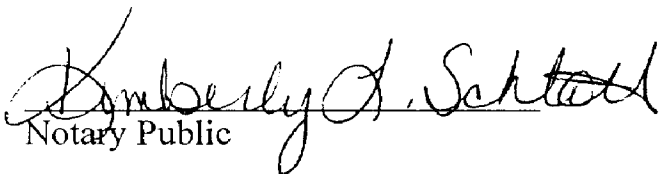
VISKASE SALES CORPORATION, a Delaware Corporation,

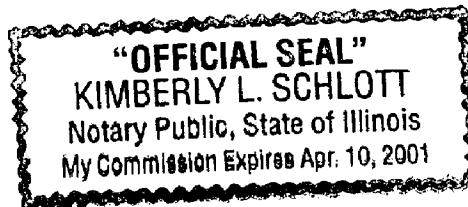
By: 
Gordon S. Donovan
Its: **Vice President**

STATE OF ILLINOIS)
)
COUNTY OF COOK)

On June 14th, 1999, before me, the undersigned, a notary public in and for said State, personally appeared Gordon S. Donovan, known to me to be the Vice President of Viskase Sales Corporation, a Delaware corporation, the corporation that executed the foregoing instrument and power of attorney, and acknowledged to me that he/she executed such instrument and power of attorney on behalf of such corporation pursuant to authority granted by the Board of Directors of such corporation, as its free act and deed for the uses and purposes therein set forth.

WITNESS my hand and official seal.


Notary Public



Commission Expires: