

TERMINATION, RELEASE AND REASSIGNMENT
OF SECURITY INTERESTS

THIS TERMINATION, RELEASE AND REASSIGNMENT OF SECURITY INTERESTS ("Release") dated as of the 28th day of October, 1999, is by GLENFED FINANCIAL CORPORATION ("hereinafter called GLENFED"), the successor in interest to ARMCO COMMERCIAL, Division of Armco Financial Corporation (hereinafter called "ARMCO"), and is in favor of MAGIC MARKER INDUSTRIES, INC., formerly known as Doral Industries, Inc. (hereinafter called "MAGIC MARKER").

W I T N E S S E T H :

WHEREAS, ARMCO entered into a certain Modification and Security Agreement, dated as of February 7, 1985 (as amended, supplemented or otherwise modified from time to time, the "M&S Agreement") with MAGIC MARKER;

WHEREAS, pursuant to the M&S Agreement, MAGIC MARKER entered into the Trademark Security Agreement, dated as of February 7, 1985 (as amended, supplemented or otherwise modified from time to time, the "Trademark Security Agreement"; the terms defined therein, and not otherwise defined herein, being used herein as therein defined), in favor of ARMCO;

WHEREAS, pursuant to the Trademark Security Agreement, MAGIC MARKER granted to ARMCO a security interest in all of MAGIC MARKER's right, title and interest in and to the Trademarks (as hereinafter defined) listed on the schedules attached thereto, to secure the payment and performance of all obligations secured by the M & S Agreement;

WHEREAS, the Trademark Security Agreement was recorded in the United States Patent and Trademark Office against the Trademarks listed on the schedule thereto on March 14, 1985, at Reel 0489, Frames 984-993;

WHEREAS, GLENFED is the successor in interest to ARMCO with respect to the rights and obligations of ARMCO under the M&S Agreement and the Trademark Security Agreement;

WHEREAS, GLENFED, MAGIC MARKER, and BINNEY & SMITH, INC., the then exclusive licensee of the Trademarks ("B&S"), entered into a Letter Agreement, dated July 15, 1992 (the "Letter Agreement"; the terms defined therein, and not otherwise defined herein or in the Trademark Security Agreement, being used herein as therein defined), whereby B&S agreed to pay a portion of the Licensing Agreement Payments it owed to MAGIC MARKER under a separate Trademark Licensing Agreement, dated December 12, 1988, directly to GLENFED for those portions of the Payments MAGIC MARKER owed to

NY2 - 999542.1

GLENFED under and pursuant to that certain Fourth Amended Plan of Reorganization confirmed by the United States Bankruptcy Court for the District of New Jersey (the "Plan"), and that certain Order confirming the Plan entered on the official bankruptcy docket on August 6, 1992;

WHEREAS, MAGIC MARKER has paid and performed its obligations under the M & S Agreement, and has requested that GLENFED terminate the Trademark Security Agreement, and the Letter Agreement, release its security interest in and lien on the Trademarks of MAGIC MARKER, and reassign the same to MAGIC MARKER by executing this Release;

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

1. GLENFED does hereby release and terminate all liens on and security interests in and to the Trademarks which were granted, pledged and assigned to GLENFED (as successor in interest to ARMCO) as security for the payment and performance of all obligations under the M & S Agreement and the Trademark Security Agreement, and GLENFED does hereby, without recourse and without representation or warranty of any kind, assign, convey, grant, set over, transfer and release to MAGIC MARKER all of GLENFED's right, title and interest, if any, in and to the Trademarks, including, without limitation, the following:

(a) All then owned and thereafter acquired common law trademarks of MAGIC MARKER and all the goodwill associated with said trademarks;

(b) All then owned federally registered trademarks of MAGIC MARKER, all thereafter acquired federally registered trademarks of MAGIC MARKER, and all the goodwill associated with said trademarks;

(c) All then owned foreign trademarks and trademark applications of MAGIC MARKER, all thereafter acquired foreign trademarks and trademark applications of MAGIC MARKER, and all the goodwill associated with said trademarks and applications; and

(d) All then pending United States trademark applications of MAGIC MARKER, all thereafter made United States trademark applications of MAGIC MARKER, and all of the goodwill associated therewith (subparts (a) through (d) being collectively, the "Trademarks").

2. GLENFED does hereby cancel and terminate the Trademark Security Agreement, dated February 7, 1985, and all rights and obligations thereunder, since all

indebtedness to Glenfed has been satisfied under the M&S Agreement, the Trademark Security Agreement, dated February 7, 1985, and the Letter Agreement, dated July 15, 1992.

3. GLENFED does hereby cancel and terminate the Letter Agreement, dated July 15, 1992, and all rights and obligations thereunder, since all indebtedness to Glenfed has been satisfied under the M&S Agreement, the Trademark Security Agreement, dated February 7, 1985, and the Letter Agreement, dated July 15, 1992.

4. GLENFED hereby agrees that, at any time and from time to time upon the written request of MAGIC MARKER, or any successor in interest to the Trademarks of MAGIC MARKER, it will execute and deliver such further documents and do such further acts and things as may be reasonably in order to effect the purposes of this Release.

5. Upon the execution of this Agreement and the execution and delivery of all documents called for herein, and in consideration of the terms and conditions herein, MAGIC MARKER releases, and forever discharges GLENFED and its agents, officers, directors, shareholders, attorneys and parent and/or subsidiary corporations, if any, and any and all successors, and each of them, from all claims, demands and causes of action arising out of the obligations described herein that exist or may exist as of the time of the execution of this Agreement. However, other than as provided for in this Agreement, nothing contained herein shall in any way reduce MAGIC MARKERS obligations to GLENFED under the collective agreements, nor any other document or documents described in this Agreement nor limit in any manner GLENFED's right to enforce the same against MAGIC MARKER. MAGIC MARKER specifically waives the benefits of the provisions of Section 1542 of the California Civil Code as of the date of execution of this Agreement. Said Section 1542 provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

6. This Release has been delivered in, and shall be governed by and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, GLENFED and MAGIC MARKER have caused this Release to be duly executed and delivered by a duly authorized officer on the day and year first above written.

GLENFED Financial Corporation
3280 East Foothill Boulevard
Suite 246
Pasadena, California 91107

By: [Signature]
Name: Scott Anthony Blake
Title: First Vice President

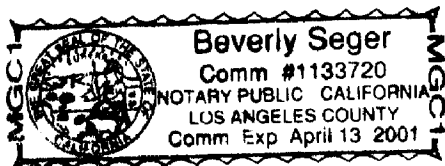
MAGIC MARKER INDUSTRIES, INC.

By: [Signature]
Name: M. Kraselnick
Title: President

STATE OF California)
COUNTY OF Los Angeles) ss.:

On this 28th day of Oct, 1999, before me personally came Scott A. Blake, to me known, who being by me duly sworn, did depose and say that she/he resides at 3280 E Foothill Blvd Ste 246 Pasadena, CA 91107; that she/he is the First Vice Pres. of GLENFED Financial Corporation, the banking corporation described in and which executed the above instrument; that she/he has been authorized to execute said instrument on behalf of said corporation; and that she/he signed said instrument on behalf of said corporation pursuant to said authority.

In Witness Whereof, I hereto set my hand and official seal.
Beverly Seger, Notary Public



NY2 - 999542.1

Notary Public
STATE OF Panama)
COUNTY OF Panama) ss.:

On this 16 day of November, 1999, before me personally came Mrs. Adriana
L. A. Serrano, to me known, who being by me duly sworn, did depose and say that
she/he resides at Comision Chonchica Bldg. P.O. Box 31 Panama City, Panama; that
she/he is the President of MAGIC MARKER INDUSTRIES, INC., the corporation
described in and which executed the above instrument; that she/he has been authorized to
execute said instrument on behalf of said corporation; and that she/he signed said instrument
on behalf of said corporation pursuant to said authority.

IN WITNESS WHEREOF, I hereto set my hand and official seal.



[Signature]
Notary Public
Licdo. CLAUDIO LACAYO ALVAREZ
Notario Público Tercero

NY2 - 999542 1