

09-22-2000

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

101468065

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARKRECORDATION FORM COVER SHEET
TRADEMARKS ONLY

8-3100

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- ☒ New
- ☐ Resubmission (Non-Recordation)
Document ID #
- ☐ Correction of PTO Error
Reel # Frame #
- ☐ Corrective Document
Reel # Frame #

Conveyance Type

- ☐ Assignment ☐ License
- ☒ Security Agreement ☐ Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- ☐ Merger
- ☐ Change of Name
- ☐ Other

Conveying Party

☐ Mark if additional names of conveying parties attachedExecution Date
Month Day Year
8/23/00Name Formerly

0965543

- ☐ Individual ☐ General Partnership ☐ Limited Partnership ☐ Corporation ☐ Association
- ☐ Other

☒ Citizenship/State of Incorporation/Organization

Receiving Party

☐ Mark if additional names of receiving parties attachedName DBA/AKA/TA Composed of Address (line 1) Address (line 2) Address (line 3)
City
State/Country
Zip Code

- ☐ Individual ☐ General Partnership ☐ Limited Partnership
- ☒ Corporation ☐ Association
- ☐ Other

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

☒ Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

09/21/2000 MTHA11 00000162 0565543

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02 FC:48240.00 00
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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 002143 FRAME: 0464

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number 212-632-5500

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

35

Trademark Application Number(s) or Registration Number(s)

☐ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

0565543 1120494

0812190 1888520

0826298 2269740

Number of Properties

Enter the total number of properties involved.

#

6

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

165

Method of Payment:

Enclosed ☒

Deposit Account ☐

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐

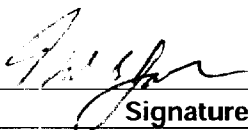
No ☐

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. Charges to deposit account are authorized, as indicated herein.

Mark B. Joachim

Name of Person Signing



Signature

8/23/00

Date Signed

INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") dated as of August 23, 2000, made by AMERICAN PACKAGING CORPORATION, a Pennsylvania corporation (the "Borrower") in favor of FOOTHILL CAPITAL CORPORATION, a California corporation, as agent ("Agent").

RECITALS:

WHEREAS, the Borrower has entered into the Loan and Security Agreement dated as of August 23, 2000 (as amended, modified, supplemented or restated and in effect from time to time, the "Loan Agreement") among the Borrower, on the one hand, the Lenders identified therein and Foothill Capital Corporation, as arranger and administrative agent for said Lenders, on the other hand;

WHEREAS, pursuant to the Loan Agreement, the Lenders have agreed to make to the Borrower (i) advances from time to time in an aggregate principal amount not to exceed \$38.5 million (the "Revolver"), (ii) term loans from time to time in an aggregate principal amount not to exceed \$20 million, which term loans are a subline of the Revolver and (iii) term loans from time to time in an aggregate principal amount not to exceed \$11.5 million (collectively, the "Loans"); and

WHEREAS, as a condition precedent to the obligations of the Lender Group (as defined in the Loan Agreement) or any member thereof to make Loans to the Borrower, the Lender Group requires that the Borrower execute and deliver this Agreement, which is a material inducement to the Lender Group to enter into the Loan Agreement and for the Lender Group to make the Loans thereunder;

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

1. Defined Terms.

Unless otherwise defined herein, capitalized terms which are defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement, and the following terms shall have the following meanings:

"Copyright" has the meaning specified in Section 2(c).

"Copyright License" has the meaning specified in Section 2(d).

"Patents" has the meaning specified in Section 2(b).

"Patent License" has the meaning specified in Section 2(c).

"Trademarks" has the meaning specified in Section 2(a).

"Trademark License" has the meaning specified in Section 2(d).

2. Grant of Security Interest. As collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, the Borrower hereby grants, transfers, collaterally assigns and sets over to Agent, for the benefit of the Lender Group, a security interest in, assignment of, general lien on and right of set-off of (the "Security Interests"), all of the following (collectively, the "Intellectual Property Collateral"), in each case whether now existing or hereafter arising and whether now owned or hereafter acquired:

(a) all of such Borrower's right, title and interest, whether now owned or hereafter acquired, in and to all United States and foreign trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, all prints or labels on which any of the foregoing appear, and all designs and general intangibles of a like nature, and the goodwill associated therewith or symbolized thereby, and all other assets, rights and interests that uniquely embody such goodwill, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office (the "Patent and Trademark Office") or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, and all extensions or renewals thereof (including without limitation each trademark, trade name, trade dress, registration and application identified in Schedule I attached hereto and incorporated herein by reference) and including all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto (including without limitation damages for past or future infringements thereof), the right to sue or otherwise recover for all past, present and future infringements thereof, all rights corresponding thereto throughout the world (but only such rights as now exist or may come to exist under applicable local law) and all other rights of any kind whatsoever of Borrower accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark and service mark (collectively, the "Trademarks");

(b) all letters patent of the United States or any other country, including patents, design patents and utility models, and all registrations and recordings thereof, all applications for letters patent of the United States or any other country (including without limitation the patents, design patents and utility models identified on Schedule II attached hereto and incorporated herein by reference) and all reissues, extensions, divisions, continuations and continuations-in-part thereof, and the inventions disclosed or claimed

therein, including the right to make, sell and/or use the inventions disclosed or claimed therein (collectively, the "Patents");

(c) all copyrights in any original work of authorship fixed in any tangible medium of expression, including, without limitation, all databases, source codes, object codes and manuals, whether published or unpublished, whether now or hereafter existing, and whether in the United States or any other country, and all applications, registrations, renewals, extensions and recordings relating thereto filed in the United States Copyright Office (the "Copyright Office") or in any other governmental office or agency in the United States or any other country or political subdivision thereof, in each case in which the Borrower has any right, title or interest, whether as author, assignee, transferee or otherwise (including without limitation the copyrights listed on Schedule III attached hereto and incorporated herein by reference), and all other rights which the Borrower presently has or hereafter acquires pursuant to any Copyright License relating to any such copyright, including, without limitation, copyright assignments, and exclusive and nonexclusive licenses, and all right, title and interest of the Borrower in all physical materials embodying any work with respect to which the Borrower owns or holds rights in any Copyright or Copyright License (collectively, the "Copyrights");

(d) All agreements, written or oral (i) providing for the grant by or to the Borrower of any right to use any Trademark (including without limitation the licenses listed on Schedule IV attached hereto and incorporated herein by reference), and the right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Loan Agreement) now or hereafter owned by such Borrower and now or hereafter covered by such licenses (collectively, the "Trademark Licenses"); (ii) providing for the grant by or to the Borrower of any right to manufacture, use or sell any invention covered by a Patent and all rights of the Borrower under such agreement (collectively, the "Patent Licenses"); and (iii) naming the Borrower as licensor or licensee, granting any right in or to any Copyright or copyright registration in the United States or any foreign country or any and all present and future agreements, including, without limitation, assignments and consents, as any such agreements may from time to time be amended or supplemented, pursuant to which the Borrower now has or hereafter acquires any direct or beneficial interest in any Copyright, or is a Borrower of rights to any third party with respect to any copyright, whether as a party to any such agreement or as an assignee of any rights under any such agreement excluding, however, non-exclusive computer software licenses (collectively, the "Copyright Licenses"; the Copyright Licenses, the Patent Licenses and the Trademark Licenses, collectively referred to as the "Licenses");

(e) all policies of insurance related to the foregoing; and

(f) all proceeds and products of any and all of the foregoing Intellectual Property Collateral.

In addition, the Borrower has executed in blank and delivered to Agent, on behalf of the Lender Group, at least three Assignments of Intellectual Property (each being called an "IP

Assignment") in the form of Exhibit A hereto. The Borrower hereby irrevocably authorizes Agent to complete as assignee and record with the Patent and Trademark Office and the Copyright Office, each IP Assignment but only upon the occurrence of an Event of Default that is continuing at the time of filing. From time to time upon request by Agent, the Borrower shall execute and deliver to Agent such further IP Assignments as Agent may reasonably request.

3. Collateral Assignment. (a) In addition to, and not in limitation of, the grant of the Security Interest in the Intellectual Property Collateral in Section 1 above, the Borrower hereby grants, assigns, transfers, conveys and sets over to Agent, for the benefit of the Lender Group, the Borrower's entire right, title and interest in and to the Intellectual Property Collateral; provided, that such grant, assignment, transfer and conveyance shall become effective only at the election of Agent after the occurrence of an Event of Default that is continuing at the time of such election. The Borrower hereby agrees that after the effectiveness of such grant, assignment, transfer and conveyance of any of the Intellectual Property Collateral, the use by Agent of any of such Intellectual Property Collateral shall be without any liability for royalties or other related charges from Agent to the Borrower.

(b) Notwithstanding anything to the contrary contained in this Agreement, so long as this Agreement remains in effect and so long as no Event of Default has occurred and is continuing (i) the Borrower shall continue to have the exclusive right to use the Intellectual Property Collateral, and (ii) Agent shall have no right to use the Intellectual Property Collateral or issue any exclusive or non-exclusive Licenses with respect thereto, or assign, pledge or otherwise transfer title in the Intellectual Property Collateral to anyone else; provided that upon filing of any IP Assignment as provided in this Agreement, Agent or its transferee shall have all rights to use and issue any License with respect to any Intellectual Property Collateral and to assign, pledge or otherwise transfer the same.

4. General Representations and Warranties. The Borrower hereby represents and warrants that:

(a) Binding Obligations. This Agreement has been duly executed and delivered by the Borrower and constitutes the legal, valid and binding obligations of the Borrower, enforceable against the Borrower and the Intellectual Property Collateral in accordance with its terms.

(b) No Proceedings. With the exception of any pending application for a patent, trademark, copyright or other Intellectual Property Collateral, there is no action, proceeding or investigation to which the Borrower or any of its Subsidiaries or any of their respective properties may be subject, by or before any court or any arbitral, governmental or regulatory authority or agency, pending or (to the knowledge of the Borrower) threatened which, if adversely determined, could have, individually or in the aggregate, a material adverse effect on the business, operations, properties, condition (financial or otherwise) or prospects of the Borrower, or on the ability of the Borrower to perform its obligations under this Agreement, or which in any way draws into question the legality, validity, binding nature, enforceability, perfection or priority of this Agreement or of the Liens granted hereby.

(c) No Authorization. No authorization, consent, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other Person is required (i) for the grant by Borrower of the Security Interests granted hereby or for the execution, delivery or performance of this Agreement by the Borrower, (ii) for the perfection of the Security Interests granted hereby, except for the filing and recording of this Agreement with the Patent and Trademark Office, the Copyright Office and with the equivalent offices in any foreign jurisdiction, and the filings required by the Uniform Commercial Code of the State in which the Borrower maintains its chief executive office which shall be duly filed promptly following the execution of this Agreement or (iii) or for the exercise by Agent, of its rights and remedies hereunder, other than the items mentioned in (ii) above, and the consent of the licensor pursuant to the agreements as listed on Schedule IV hereto.

(d) Licenses. Set forth on Schedule IV is a list of Licenses of the Borrower necessary for the conduct of its business as currently conducted or utilized and material in such Borrower's commercial operations, and such list is complete and accurate in all material respects as of the date hereof.

(e) No Impairment. The actions contemplated under or in connection with the Loan Documents will not impair, in any material respect, the legal right of the Borrower to use any of the Intellectual Property Collateral.

5. Other Representations and Warranties. The Borrower represents and warrants as to itself and the Intellectual Property Collateral as follows:

(a) It is the sole, legal and beneficial owner of the entire right, title and interest in and to the Intellectual Property Collateral purported to be granted by it hereunder, free and clear of any Lien (which term includes, without limitation, any security interest, option, charge, pledge, registered user agreement, assignment (whether conditional or not), covenant, or any other encumbrance), except for (i) the Security Interests created or permitted by this Agreement or security interests created or permitted by the Loan Agreement or the other Loan Documents and (ii) the as of yet unreleased Security Interests in favor of the Existing Lender, as set forth on Schedule V hereto. No financing statement or other instrument similar in effect covering all or any part of the Intellectual Property Collateral purported to be granted by the Borrower hereunder is on file in any recording office, including, without limitation, the Patent and Trademark Office, the Copyright Office and the equivalent offices in any foreign jurisdiction, except (i) such as may have been filed in favor of Agent and (ii) the as of yet unreleased Security Interests in favor of the Existing Lender, as set forth on Schedule V hereto.

(b) To the knowledge of the Borrower as of the date of this Agreement, all of the Intellectual Property Collateral owned, held or used by the Borrower is valid, subsisting, unexpired, enforceable and has not been abandoned. None of such Intellectual Property Collateral is the subject of any licensing or franchise agreement. No holding, decision or judgment has been rendered (to the knowledge of the Borrower) by any governmental authority which would limit, cancel or question the validity of any Intellectual Property Collateral.

(c) To the best of the Borrower's knowledge, set forth in Schedule I is a complete and accurate list of all material Trademark and service mark registrations and all material Trademark and service mark applications owned by the Borrower; set forth in Schedule II is a complete and accurate list of all material Patents and all Patent applications owned by the Borrower; set forth in Schedule III is a complete and accurate list of all Copyright registrations, Copyright applications and all works that are subject to copyright, owned by the Borrower; and set forth in Schedule IV is a complete and accurate list of all Licenses owned by Borrower in which Borrower is (i) a licensor with respect to any Intellectual Property Collateral, or (ii) a licensee of any other person's Patents, trade names, Trademarks, service marks or Copyrights. However, if additional material Trademark and service mark registrations, material Trademark and service mark applications, material Patents, Patent applications, Copyright registrations, Copyright applications, or Licenses owned by the Borrower are in existence, they shall be deemed as included in the respective Schedules I, II, III, and/or IV; and the Borrower upon becoming aware of their existence shall proceed in accordance with paragraph 6(f), as if the additional items were a new ownership interest. To the knowledge of the Borrower, the Borrower has made all necessary filings and recordations to protect and maintain its interest in the Patents, Patent applications, Trademark and service mark registrations, Trademark and service mark applications, Copyright registrations and Copyright applications set forth in Schedules I, II and III.

(d) To the knowledge of the Borrower as of the date of this Agreement, each Patent, Trademark or service mark registration and Copyright registration of such Borrower set forth in Schedules I, II and III is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, has not been abandoned and is valid, registrable and enforceable. Each Patent application, Trademark or service mark application and Copyright application is subsisting and has not been issued a final refusal. To the knowledge of the Borrower, each License of the Borrower identified in Schedule IV is valid, subsisting, unexpired, has not been adjudged invalid or unenforceable, in whole or in part, has not been abandoned and is valid and enforceable. Borrower is not aware of any uses of any item of Intellectual Property Collateral which could be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Intellectual Property Collateral.

(e) With the exception of any pending application for a patent, trademark, copyright or other Intellectual Property Collateral, no action or proceeding is pending against the Borrower or, to the Borrower's knowledge, against any other Person, (i) seeking to limit, cancel or question the validity of any Intellectual Property Collateral, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property Collateral.

(f) It has notified Agent in writing of all uses of any Intellectual Property Collateral prior to the Borrower's use, of which the Borrower is aware, which would lead to such item becoming invalid or unenforceable, including prior unauthorized uses by third parties and uses that were not supported by the goodwill of the business connected with such item.

(g) It has not granted any release, covenant not to sue, or non-assertion assurance to any third person, nor allowed any shop right to arise with respect to any third Person, with respect to any part of the Intellectual Property Collateral.

(h) It has taken reasonable steps to protect its Intellectual Property Collateral with markings or as otherwise required by statute.

(i) Except as disclosed to Agent in writing prior to the date of this Agreement, the Borrower has no knowledge of the existence of any right under any Patent, Trademark, license agreement, trade name, trade secret, know-how, confidential research, development and commercial information, or other proprietary information held by any other Person that would preclude the Borrower from, or materially interfere with, the ability of the Borrower to carry on its business as currently carried on, and the Borrower has no knowledge of any possible claim to the contrary.

(j) To the best of the Borrower's knowledge, the Borrower has used consistent standards of quality in the provision of each service provided under any Intellectual Property Collateral, and has taken all steps necessary to ensure that all licensed users of any Intellectual Property Collateral use such consistent standards of quality.

(k) No claim has been made (and, as to Intellectual Property Collateral with respect to which the Borrower is a licensor, no claim has been made against the third party licensee), and the Borrower has no knowledge of any claim that is likely to be made, that the use by the Borrower of any Intellectual Property Collateral may be likely to violate the rights of any Person.

6. Covenants. The Borrower covenants and agrees with Agent that, from and after the date of this Agreement until the Obligations are paid in full and the Loan Agreement has expired or been terminated:

(a) The Borrower (either itself or through licensees) will, except with respect to any Trademark that the Borrower shall reasonably determine is of no material economic value and no longer useful or necessary to its business, (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force and effect and free from any claim of abandonment for non-use, (ii) maintain as in the past at least the same quality of products and services offered under such Trademark, (iii) with respect to registered Trademarks, employ such Trademark only with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless Agent shall obtain a perfected, first priority security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any Trademark may become invalidated.

(b) The Borrower will not, except with respect to any Patent that the Borrower shall reasonably determine is of no material economic value and no longer useful or necessary to

its business, do any act, or omit to do any act, whereby any Patent may become abandoned or dedicated.

(c) The Borrower (either itself or through licensees) will, for each work covered by a Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as necessary and sufficient to establish and preserve the Borrower's rights under all applicable copyright laws.

(d) The Borrower will notify Agent immediately if it knows, or has reason to know, that any Intellectual Property Collateral or any application or registration relating to any thereof may become abandoned, lost or dedicated, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal or similar office in any country) regarding the Borrower's ownership of any Intellectual Property Collateral or its right to register the same or to keep and maintain the same, provided that such Intellectual Property Collateral either (i) has a material economic value or (ii) is useful or necessary to the Borrower's business.

(e) Whenever the Borrower, either by itself or through any agent, employee, attorney, licensee or designee, shall file an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, or shall file an application for registration of any Copyright with the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, the Borrower shall report such filing to Agent within 30 Business Days of submission of any such filing.

(f) The Borrower agrees that, should it have or obtain an ownership interest in any United States or foreign trademarks, tradenames, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, trademark or service mark applications, trademark or service mark registrations, patents, design patents, utilizing models, patent applications, Copyrights, work of authorship, Copyright registration, Copyright application or license, which is not now a part of the Intellectual Property Collateral: (i) the provisions of this Agreement shall automatically apply to such item, and such item shall automatically become part of the Intellectual Property Collateral; and (ii) the Borrower shall, within three months after acquiring or becoming aware of such ownership interest, (A) give written notice thereof to Agent and, (B) prepare, execute and file in the Patent and Trademark Office, the Copyright Office or, upon Agent's reasonable request, in the equivalent agencies in any foreign jurisdiction, within the requisite time period, all documents that are known by the Borrower to be reasonably necessary or that Agent reasonably requests in order to perfect the Security Interests therein. The Borrower hereby irrevocably authorizes Agent to execute and file such document or documents in the name of the Borrower if the Borrower fails to do so.

(g) The Borrower agrees that from time to time, at its own expense, it will promptly execute and deliver all further instruments and documents and take all further action

that may be reasonably necessary or desirable in Agent's reasonable determination, or that Agent may reasonably request, in order to (i) continue, perfect and protect any Security Interests granted or purported to be granted hereby, (ii) upon Agent's request, perfect Agent's Security Interests in and assign to Agent, as security for the repayment and satisfaction of the Obligations, all Intellectual Property Collateral located in any foreign jurisdiction, and (iii) enable Agent to exercise and enforce its rights and remedies hereunder with respect to any part of the Intellectual Property Collateral. Without limiting the generality of the foregoing, Borrower will execute and file (with the appropriate governmental offices, authorities, agencies and regulatory bodies in the United States and, upon Agent's request, any applicable foreign jurisdiction) such supplements to this Agreement and such financing or continuation statements, or amendments thereto, and such other instruments or notices, including executed IP Assignments, with the Patent and Trademark Office and the Copyright Office, as may be reasonably necessary or desirable, or as Agent may request, in order to perfect and preserve the Security Interests granted hereby.

(h) Except as to any Intellectual Property Collateral which the Borrower reasonably determines is of no material economic value and no longer useful or necessary to its business, the Borrower agrees: (i) to take all reasonably necessary steps in any proceeding before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof or in any court, to maintain each Trademark, Trademark License, Patent, Patent License, Copyright or Copyright License, now or hereafter included in the Intellectual Property Collateral, including the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition and infringement proceedings; (ii) to bear any reasonable expenses incurred in connection with such activities; and (iii) not to abandon any material pending application with respect to any of the Intellectual Property Collateral.

(i) In the event that any item of Intellectual Property Collateral is infringed, misappropriated or diluted by a third party, the Borrower shall promptly notify Agent after it learns thereof and, at the Borrower's sole expense, shall, unless the Borrower shall reasonably determine that such Intellectual Property Collateral is of no material economic value and no longer useful or necessary to its business, promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as the Borrower shall reasonably deem appropriate under the circumstances to protect such Patent, Patent License, Trademark, Trademark License, Copyright or Copyright License

(j) Upon and during the continuance of an Event of Default and at the reasonable request of Agent, the Borrower shall use its reasonable efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of the Borrower's rights, title and interest thereunder to Agent or its designee.

7. Further Assurances.

(a) The Borrower hereby authorizes Agent upon the occurrence and during the continuation of an Event of Default, to file, where permitted by law, one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Intellectual Property Collateral without the signature of the Borrower. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Intellectual Property Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(b) The Borrower will furnish to Agent, from time to time statements and schedules further identifying and describing the Intellectual Property Collateral and such other reports in connection with the Intellectual Property Collateral as Agent may reasonably request, all in reasonable detail.

(c) The Borrower agrees that should any of its Subsidiaries (whether now or hereafter existing) obtain any ownership interest in any United States or foreign intellectual property of a nature that would be Intellectual Property Collateral hereunder if owned by such Borrower, such Borrower shall cause such Subsidiary to transfer and assign all such entities' ownership interests therein to the Borrower, whereupon such intellectual property shall become Intellectual Property Collateral under this Agreement and the provisions of subsection (a) of this Section 7 and Section 19 shall be applicable thereto.

(d) The Borrower shall not do any act or omit to do any act whereby any of the Intellectual Property Collateral may become dedicated or abandoned, except where such dedication or abandonment (i) will not have a material adverse effect on the business, properties, operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, either individually or taken as a whole, and (ii) is in the ordinary course of the Borrower's business. The Borrower agrees to notify Agent, (i) within 30 days, in writing, if it learns that any of the Intellectual Property Collateral may become abandoned or dedicated or of any adverse determination or any development (including without limitation the institution of any proceeding in any court or arbitration tribunal or in the Patent and Trademark Office, the Copyright Office or in the equivalent agencies of any foreign jurisdiction, or any court) regarding any part of the Intellectual Property Collateral and (ii) immediately, in writing, if the Borrower makes any determination, in accordance with Section 6(a), Section 6(b), Section 6(h) or Section 6(i) hereof, that any Intellectual Property Collateral is of no material economic value or is no longer useful or necessary to the Borrower's business.

(e) The Borrower agrees to maintain the quality of any and all products in connection with which the Intellectual Property Collateral is used, consistent with the quality standards established by the Borrower for said products as of the date of this Agreement.

(f) The Borrower shall take reasonable steps to protect its products with markings or such other measures as are required by statute.

8. Grant of License to Use Patent, Trademark and Copyright Collateral. For the purpose of enabling Agent to exercise rights and remedies hereof at such time as Agent shall

be lawfully entitled to exercise such rights and remedies, the Borrower hereby grants to Agent, for the benefit of the Lender Group, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Borrower) to use, license or sublicense any of the Intellectual Property Collateral, now owned or hereafter acquired by the Borrower, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored. The use of such license by Agent shall be exercised, at the option of Agent, for any lawful purpose appropriate in connection with the exercise of remedies hereunder, only upon the occurrence and during the continuance of an Event of Default, provided that any license, sublicense or other transaction entered into by Agent in accordance herewith shall be binding upon the Borrower notwithstanding any subsequent cure or waiver of an Event of Default.

9. Transfers and Other Liens. The Borrower agrees that, except as permitted by the Loan Agreement or unless the Agent otherwise consents in advance, in writing, it shall not:

(a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of, or grant any option with respect to, the Intellectual Property Collateral, except that the Borrower may license the Intellectual Property Collateral (i) in the ordinary course of the Borrower's business, provided that such license is necessary or desirable in the conduct of the Borrower's business, or (ii) in connection with a sale of assets in compliance with the Loan Agreement, provided that such license shall be on terms which will maximize the gain to the Borrower resulting from the granting of such license. Agent shall execute any documents that such Borrower may reasonably request in order to permit the Borrower to exercise its right hereunder to license the Intellectual Property Collateral, provided that Agent shall not be required to do anything that may, in its sole judgment adversely affect the validity of the Security Interests or the assignment of the Intellectual Property Collateral located in any foreign jurisdiction;

(b) create or suffer to exist any Lien, security interest or other charge or encumbrance upon or with respect to any of the Intellectual Property Collateral except for (i) the Security Interests created by this Agreement and (ii) the as of yet unreleased Security Interests in favor of the Existing Lendor, as set forth on Schedule V hereto; or

(c) take any other action in connection with any of the Intellectual Property Collateral that would impair the value of the interest or rights of the Borrower in any of the Intellectual Property Collateral or that would impair the interest or rights of Agent.

10. Agent Appointed Attorney-in-Fact. Without limiting any other provision of this Agreement, upon the occurrence and during the continuance of an Event of Default, the Borrower hereby irrevocably appoints Agent as the Borrower's attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from time to time in Agent's discretion, and with full power of substitution, to take any action and to execute any instrument that it may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including without limitation:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(b) to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings that the Agent may deem necessary or desirable for the collection of any of the Intellectual Property Collateral or otherwise to enforce the rights of Agent, with respect to any of the Intellectual Property Collateral; and

(d) to execute, in connection with the sale provided in Section 10 hereof, any endorsement, assignments, or other instruments of conveyance or transfer with respect to the Intellectual Property Collateral.

The Borrower hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

11. Agent May Perform.

(a) If the Borrower fails to perform or comply with any of its agreements contained in this Agreement, Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of Agent incurred in connection therewith shall be payable by the Borrower under Section 14 hereof to the fullest extent permitted by applicable law. The reasonable expenses of Agent incurred in connection with such performance or compliance shall constitute Obligations secured hereby, and if not paid when due shall bear interest until paid in full at a rate per annum equal to the Default Rate as specified in Section 2.6(c) of the Loan Agreement. Such interest shall be payable by the Borrower to Agent on demand and shall constitute Obligations secured hereby.

(b) Agent or its designated representatives shall have the right, at reasonable times upon reasonable prior notice, from time to time to inspect the Borrower's premises and to examine the Borrowers' books, records and operations relating to the Intellectual Property Collateral.

12. Agent's Duties. The powers conferred on Agent hereunder are solely to protect the Lender Group's interests in the Intellectual Property Collateral and shall not impose any duty upon Agent to exercise any such powers. Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither they nor any of their respective officers, directors, employees, attorneys or agents shall be responsible to the Borrower for any act or failure to act hereunder, except for its own gross negligence or willful misconduct.

13. Remedies. If an Event of Default shall occur and be continuing, Agent,

for the benefit of the Lender Group, may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Code and all other rights and remedies under all other applicable laws. Without limiting the generality of the foregoing, Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon the Borrower or any other Person (all and each of which demands, advertisements and notices are hereby waived), may in such circumstances forthwith complete and file any IP Assignment; collect, receive, appropriate and realize upon the Intellectual Property Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Intellectual Property Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of Agent or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Agent shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Intellectual Property Collateral so sold, free of any right or equity of redemption in the Borrower, which right or equity is hereby waived or released. The Borrower further agrees, at Agent's request, to assemble the Intellectual Property Collateral and make it available to Agent at places which Agent shall reasonably select, whether at the Borrower's premises or elsewhere. Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Intellectual Property Collateral or in any way relating to the Intellectual Property Collateral or the rights of Agent arising out of the exercise by Agent hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as Agent may elect, and only after such application and after the payment by Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the Code, need Agent account for the surplus, if any, to the Borrower. If any notice of a proposed sale or other disposition of the Intellectual Property Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten days before such sale or other disposition. The Borrower shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Intellectual Property Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by Agent to collect such deficiency.

Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Intellectual Property Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same manner as Agent deals with similar property for its own account. Except as set forth in the preceding sentence Agent shall have no duty or liability to preserve rights pertaining to the Intellectual Property Collateral and shall be relieved of all responsibility for the Intellectual Property Collateral upon surrendering it to the Borrower or in accordance with the Borrower's instructions. Neither Agent, nor its directors, officers, employees, attorneys or agents shall be liable for failure to demand, collect or realize upon all or any part of the Intellectual Property Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Intellectual Property Collateral upon the

request of the Borrower or any other Person or to take any other action whatsoever with regard to the Intellectual Property Collateral or any part thereof, except as finally determined by a court of competent jurisdiction to have arisen solely from the Agent's gross negligence or wilful misconduct.

14. Indemnity and Expenses.

The Borrower agrees to pay, and to save Agent and its officers, directors, employees, attorneys or agents harmless from, any and all liabilities, costs and expenses (including, without limitation, all reasonable legal fees and expenses) (i) with respect to, or resulting from, any failure by any Person to comply or delay in complying with any law, rule, regulation, order or judgment applicable to any of the Intellectual Property Collateral, (ii) in connection with the administration, negotiation, preparation, execution and delivery of this Agreement, the perfection of the Security Interests granted hereby and any waiver of or amendment or supplement to any of the provisions of this Agreement, and any preservation or exercise of any of the rights or benefits of this Agreement, (iii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Intellectual Property Collateral, (iv) the exercise or enforcement of any of the rights of Agent, (v) in connection with any and all liabilities, costs and expenses (including, without limitation, all legal fees and expenses) in connection with any claims made by third parties relating to the Intellectual Property Collateral, including, without limitation, any claims for infringement of Patent, infringement of Trademark or infringement of Copyright, as the case may be, or (vi) the failure by the Borrower to perform or observe any of the provisions hereof otherwise in connection with any of the transactions contemplated by this Agreement.

15. Absolute Rights and Obligations. All rights of Agent, for the benefit of the Lender Group, in the Security Interests granted hereunder, and each of the Obligations, shall be absolute, irrevocable and unconditional irrespective of:

(a) any lack of validity or enforceability of the Loan Agreement, any Loan Document or any other agreement or instrument relating to any of the foregoing;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from, the Loan Agreement, or any other Loan Document, including, but not limited to, (i) an increase or decrease in the Obligations and (ii) an amendment of any Loan Document to permit the Lender Group (or any member thereof) to extend further or additional credit to the Borrower in any form including credit by way of loan, purchase of assets, guarantee or otherwise, which credit shall thereupon be and become subject to the Loan Agreement, and the other Loan Documents as a Secured Obligation;

(c) any taking and holding of collateral or guarantees (including without limitation any collateral pledged as security for the Obligations under the other Loan Documents) for all or any of the Obligations; or any amendment, alteration, exchange, substitution, transfer, enforcement, waiver, subordination, termination or release of any

such collateral or guarantees, or any non-perfection of any such collateral, or any consent to departure from any such guarantee;

(d) any manner of application of collateral, or proceeds thereof, securing payment or enforcement of all or any of the Obligations, or the manner of sale of any such collateral;

(e) any consent by the Lender Group (or any member thereof) to the change, restructure or termination of the corporate structure or existence of the Borrower and any corresponding restructure of the Obligations, or any other restructure or refinancing of the Obligations or any portion thereof,

(f) any modification, compromise, settlement or release by the Lender Group (or any member thereof), by operation of law or otherwise, collection or other liquidation of the Obligations or the liability of the Borrower for, or any collateral for the Obligations (including without limitation any collateral pledged as security for the Obligations under the other Loan Documents); or

(g) any other circumstance (including without limitation any statute of limitations) that might otherwise constitute a defense available to, or a discharge of, the Borrower.

The granting of the Security Interests in the Intellectual Property Collateral shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Lender Group (or any member thereof), upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

16. Waiver. The Borrower hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement and any requirement that Agent protect, secure, perfect or insure any Security Interest or any Intellectual Property Collateral subject thereto or exhaust any right or take any action against the Borrower or any other Person or any collateral securing payment of the Obligations (including without limitation any collateral pledged as security for the Obligations under the other Loan Documents).

17. Amendments, Etc.

(a) No amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be in writing and signed by the Borrower and Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

18. Continuing Security Interests; Assignments Under the Loan Agreement; Release of Intellectual Property Collateral.

(a) This Agreement shall create continuing Security Interests in the Intellectual Property Collateral and shall (i) remain in full force and effect until terminated in accordance with the provisions of Section 24 hereof, (ii) be binding upon the Borrower, its successors and assigns, provided, however, that the Borrower shall not make any assignment hereof without the prior consent of Agent, and (iii) inure, together with the rights and remedies of Agent and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Agent or any Lender may assign to one or more Persons, or grant to one or more Persons participations in or to, all or any part of its rights and obligations under the Loan Agreement, subject to Section 15.2 of the Loan Agreement, and such assignee or participant will thereupon become vested with all the benefits in respect thereof granted to Agent herein or otherwise.

19. Additional Intellectual Property Collateral. If the Borrower shall acquire or hold any additional Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, Patents or Patent Licenses not listed on Schedules I hereto (any such Trademarks, Trademark Licenses, Copyrights, Copyright Licenses, Patents or Patent Licenses being referred to herein as the "Additional Intellectual Property Collateral") that, in the Borrower's reasonable judgment, either has any material economic value or is useful or necessary to the Borrower's business, the Borrower shall deliver to Agent (i) a revised Schedule I, II, III or IV hereto, as applicable, reflecting the ownership and pledge of such Additional Intellectual Property Collateral and (ii) an Intellectual Property Security Agreement Supplement in the form of Exhibit B hereto with respect to such Additional Intellectual Property Collateral duly completed and signed by the Borrower. The Borrower shall comply with the requirements of this Section 19 concurrently with the acquisition of any such Additional Intellectual Property Collateral. The schedules attached to each Intellectual Property Security Agreement Supplement shall be incorporated into and become a part of and supplement Schedules I, II, III and IV hereto, and Agent may attach such supplements to such Schedules, and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant hereto.

20. Entire Agreement. This Agreement, together with the Loan Agreement, and other Loan Documents, constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof. Neither this Agreement nor any portion or provision hereof may be changed, altered, modified, supplemented, discharged, canceled, terminated, or amended orally or in any manner other than by an agreement, in writing signed by the parties hereto.

21. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Borrower and shall inure to the benefit of Agent and its successors and assigns.

22. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party hereto may execute this Agreement by executing any such counterpart.

23. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24. Termination. This Agreement and all obligations of the Borrower hereunder shall terminate on the date that the Obligations are indefeasibly paid in full, together with all accrued and unpaid interest thereon, and the Commitments have expired or been terminated, at which time the Liens and rights granted to Agent hereunder shall automatically terminate and no longer be in effect, and the Intellectual Property Collateral shall automatically be released from the Liens created hereby. Upon such termination of this Agreement, Agent shall, at the sole expense of the Borrower, reassign and redeliver to Borrower such Intellectual Property Collateral then held by or for Agent and execute and deliver to the Borrower such documents as Borrower shall reasonably request and take such further actions as may be necessary to effect the same and as shall be reasonably acceptable to Agent.

25. Remedies Cumulative. All remedies hereunder are cumulative and are not exclusive of any other rights and remedies of Agent provided by law or under the Loan Agreement, or any other Loan Document, or other applicable agreements or instruments. The making of the Loans to the Borrower pursuant to the Loan Agreement shall be conclusively presumed to have been made or extended, respectively, in reliance upon the Borrower's grant of Security Interests in the Intellectual Property Collateral pursuant to the terms hereof.

26. Notices. The Borrower will, promptly upon learning of the following, advise Agent, in reasonable detail, at their respective addresses set forth in the Loan Agreement, (i) of any Lien (other than Liens created hereby or permitted under the Loan Agreement) on, or claim asserted against, any of the Intellectual Property Collateral and (ii) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Intellectual Property Collateral or any material portion thereof or on the validity, perfection or priority of the Liens created hereunder.

27. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.


THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN AN ANOTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE

WITH THE LAWS OF THE STATE OF NEW YORK. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK OR, AT THE SOLE OPTION OF AGENT, IN ANY OTHER COURT IN WHICH AGENT SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. EACH OF BORROWER AND AGENT WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 27. BORROWER AND AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH OF BORROWER AND AGENT REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.


[Signature pages follow]

IN WITNESS WHEREOF, the parties have duly executed this Intellectual Property Security Agreement on the day and year first written above.

AMERICAN PACKAGING
CORPORATION, as Borrower

By 
Name:
Title: Pres.

FOOTHILL CAPITAL CORPORATION, as
Agent

By 
Name: Thomas E. Lane
Title: Vice President

ASSIGNMENT OF INTELLECTUAL PROPERTY

ASSIGNMENT OF INTELLECTUAL PROPERTY (this "Agreement") dated as of _____, made by AMERICAN PACKAGING CORPORATION, a Pennsylvania corporation (the "Borrower") in favor of FOOTHILL CAPITAL CORPORATION, a California corporation, as agent ("Agent").

RECITALS

WHEREAS, the Borrower has entered into the Loan and Security Agreement dated as of August 23, 2000 (as amended, modified, supplemented or restated and in effect from time to time, the "Loan Agreement") among the Borrower, on the one hand, the Lenders identified therein and Foothill Capital Corporation, as arranger and administrative agent for said Lenders, on the other hand;

WHEREAS, pursuant to the Loan Agreement, the Lenders have agreed to make to the Borrower (i) advances from time to time in an aggregate principal amount not to exceed \$38.5 million ("Revolver"), (ii) term loans from time to time in an aggregate principal amount not to exceed \$20 million, which term loans are a subline of the Revolver and (iii) term loans from time to time in an aggregate principal amount not to exceed \$11.5 million; and

WHEREAS, as a condition precedent to the obligations of the Lender Group (as defined in the Loan Agreement) or any member thereof to make Loans to the Borrower, the Lender Group requires that the Borrower execute and deliver this Agreement, which is a material inducement to the Lender Group to enter into the Loan Agreement and for the Lender Group to make the Loans thereunder;

WHEREAS, the Borrower has entered into an Intellectual Property Security Agreement (as amended, modified, supplemented or restated and in effect from time to time, the "IP Security Agreement") dated as of August 23, 2000 pursuant to which the Borrower has granted Agent, for the benefit of the Lender Group, a security interest in the Trademarks, Patents, Copyrights and Licenses defined below in order to secure its obligations under the Loan Agreement; and

WHEREAS, the Borrower (a) has adopted and used and is using each of the trademarks and service marks (the "Trademarks") identified on Annex I hereto, and is the owner of the registrations of and pending registration applications for such Trademarks in the United States Patent and Trademark Office identified on Annex I hereto and may have common law rights in and to certain other marks identified on Annex I hereto, (b) is the owner of all of the patents, patent applications and patentable inventions (the "Patents") identified on Annex II hereto, (c) is the owner of all copyrights, works of authorship, copyright registrations and copyright applications (the "Copyrights") identified on Annex III hereto, and (d) is a party to and

has rights under the licenses and license agreements (the "Licenses"; the Licences, the Trademarks, the Patents and the Copyrights being sometimes collectively referred to as the "Intellectual Property Collateral") listed on Annex IV hereto; and

WHEREAS, Agent desires to acquire the Intellectual Property Collateral and the registrations thereof and registration applications therefor, as applicable, in connection with the exercise of its remedies after the occurrence of an Event of Default under the Loan Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Collateral Agent all right, title and interest in and to the Intellectual Property Collateral together with (i) the registrations of and registration applications therefor, as applicable, (ii) the goodwill of the business symbolized by and associated with the Intellectual Property Collateral and the registrations thereof, (iii) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Intellectual Property Collateral or the registrations thereof or such associated goodwill, and (iv) all rights of the Assignor to enforce all Licenses.

This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

This Agreement is intended to and shall take effect as a sealed instrument at such time as Agent shall complete this instrument by signing its acceptance of this Agreement below.

{Signature page follows.}

IN WITNESS WHEREOF, the parties have duly executed this Assignment of Intellectual Property on the day and year first written above.

AMERICAN PACKAGING
CORPORATION, as Borrower

By
Name:
Title:

Agreed and Accepted
on _____, _____ by

FOOTHILL CAPITAL CORPORATION, as Agent

By
Name:
Title:

INTELLECTUAL PROPERTY SECURITY AGREEMENT SUPPLEMENT**THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT**

SUPPLEMENT (this "Supplement"), is entered into as of _____, _____, between **AMERICAN PACKAGING CORPORATION**, a Pennsylvania corporation (the "Borrower"), and **FOOTHILL CAPITAL CORPORATION**, a California corporation, as agent ("Agent"). All capitalized terms used but not otherwise defined herein shall have the respective meanings assigned thereto in the Intellectual Property Security Agreement (as defined below).

WHEREAS, the Borrower has entered into the Loan and Security Agreement dated as of August 23, 2000 (as amended, modified, supplemented or restated and in effect from time to time, the "Loan Agreement") among the Borrower, on the one hand, the Lenders identified therein and Foothill Capital Corporation, as arranger and administrative agent for said Lenders, on the other hand;

WHEREAS, the Borrower is required under the terms of the Loan Agreement and that certain Intellectual Property Security Agreement dated as of August 23, 2000 by the Borrower in favor of Agent (as amended, supplemented and in effect from time to time, the "Intellectual Property Security Agreement") to cause certain intellectual property owned by it and listed on Schedules I, II, III and IV to this Supplement (the "Additional Intellectual Property Collateral") to become subject to the Intellectual Property Security Agreement; and

WHEREAS, a material part of the consideration given in connection with and as an inducement to the execution and delivery of the Loan Agreement by Agent and the Lenders was the obligation of the Borrower to grant a Security Interest in the assets described herein to Agent, whether then owned and not required to be subject to a pledge or subsequently acquired or created; and

WHEREAS, the Agent has required the Borrower to grant to Agent a Security Interest in the Additional Intellectual Property Collateral in accordance with the terms of the Loan Agreement and the Intellectual Property Security Agreement;

NOW, THEREFORE, the Borrower hereby agrees as follows with Agent:

1. The Borrower hereby affirms and acknowledges the grant of a Security Interest in the Additional Intellectual Property Collateral contained in the Intellectual Property Security Agreement and hereby grants to Agent, a first priority lien and Security Interest in the

Additional Intellectual Property Collateral listed on Schedules I, II, III and IV and all proceeds thereof.

2. The Borrower hereby acknowledges, agrees and confirms that, by its execution of this Supplement, the Additional Intellectual Property Collateral constitutes "Intellectual Property Collateral" under and is subject to the Intellectual Property Security Agreement. Each of the representations and warranties with respect to Intellectual Property Collateral contained in the Intellectual Property Security Agreements is hereby made by the Borrower with respect to the Additional Intellectual Property Collateral. Revised Schedules I, II, III and IV to the Intellectual Property Security Agreement reflecting the Additional Intellectual Property Collateral are being delivered herewith to Agent.

3. This Supplement forms a part of the Intellectual Property Security Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Supplement to be duly executed by its authorized officer as of the day and year first above written.

**THE AMERICAN PACKAGING
CORPORATION**

By:
Name:
Title:

Acknowledged and accepted:

FOOTHILL CAPITAL CORPORATION, as Agent

By:
Name:
Title:

Schedule I
(Intellectual Property Security Agreement)

Marks of American Packaging Corporation

Trademark/ Service Mark Trade Name ¹	Registration No. or Serial No. if an Application is Pending	Country	Registration Date or Filing Date if an Application is Pending	Renewal Date
CLEARVISION	2,269,740	US	08/10/99	08/10/09
KARD-O-SEAL	1,120,494	US	06/19/79	06/19/09
INPAKIT	826,298	US	03/28/67	03/28/07
KARD-O-FILM	700,548	US	07/05/60	07/05/00*
KARD-O-GARD	812,190	US	08/02/66	08/02/06
KARD-O-PAK	565,543	US	10/21/52	10/21/02
DISSOLVE-A-BAG	1,888,520	US	04/11/95	04/11/05
DISSOLVE-A-BAG	95586518	FR	01/09/95	08/31/05
DISSOLVE-A-BAG	2032766	UK	05/31/96	09/06/05
DISSOLVE-A-BAG	96824 Milano	IT	01/26/96	01/26/06
DISSOLVE-A-BAG	2008078M	ES	03/20/97	01/23/06
DISSOLVE-A-BAG	39536080	DE	08/04/97	09/30/05
DISSOLVE-A-BAG	588355	BE	08/31/95	08/31/05

¹ - Indicates that APC reasonably considers this item to be of no material economic value and no longer useful or necessary to its business.

Schedule I
(Intellectual Property Security Agreement)

Common Law Marks

MULTIPLE BOTTOM DESIGN™

MBD™

STAND-UP™

KOG™

KOP™

KOS™

DAB™

Schedule II
(Intellectual Property Security Agreement)

Patents of American Packaging Corporation

<u>Application or Patent No.¹</u>	<u>Country</u>	<u>Issue or Filing Date</u>	<u>Expiration Date</u>	<u>Title</u>
5,952,025	US	09/14/99	07/22/14	Bag and Method of Making the Same
5,814,382	US	09/29/98	09/29/15	Bag and Method of Making the Same
5,786,010	US	07/28/98	07/28/15	Bag and Method of Making the Same
5,338,117	US	08/16/94	01/27/13	Bag and Method of Making the Same
5,211,305*	US	05/18/93	07/27/12	Carton
5,197,625*	US	03/30/93	06/14/11	Carton
5,149,315	US	09/22/92	04/12/11	Method of Making Lined Square Bottom Bag
5,105,971*	US	04/21/92	09/17/11	Carton
5,011,299	US	04/30/91	02/20/10	Bag Construction
4,976,674	US	12/11/90	03/06/10	Bag and Method of Making the Same
4,838,424*	US	06/13/89	10/08/07	Carton Structure for Forming Lined Carton With Interior Insert

¹ * Indicates that APC reasonably considers this item to be of no material economic value and no longer useful or necessary to its business.

Schedule II
(Intellectual Property Security Agreement)

Patents of American Packaging Corporation - continued

4,490,131	US	12/25/84	06/01/02	Method of Making Bags
6,090,028	US	07/18/00	7/22/14	Bag and Method of Making the Same
09/237,577*	US	01/26/99		Apparatus and Method for Making Single-Serving, Individually-Wrapped Tea Packages
09/476,665	US	12/30/99		Fog Resistant Breathable Packaging Film, Package and Method

Schedule III
(Intellectual Property Security Agreement)

Copyrights

NONE

000118171000

Schedule IV
(Intellectual Property Security Agreement)

Licenses

NONE

Schedule V
(Intellectual Property Security Agreement)

Unreleased First Union Security Interests

See Attachments.

ATTACHMENT TO SCHEDULE V
Marks of American Packaging Corporation

Trademark/ Service Mark <u>Trade Name</u>	Registration No. or Serial No. if an Application is <u>Pending</u>	<u>Country</u>	Registration Date or Filing Date if an Application is <u>Pending</u>	<u>Renewal Date</u>
CLEAR VISION	2,269,740	US	08/10/99	08/10/09
KARD-O-SEAL	1,120,494	US	06/19/79	06/19/09
INPAKIT	826,298	US	03/28/67	03/28/07
KARD-O-FILM	700,548	US	07/05/60	07/05/00
KARD-O-GUARD	812,190	US	08/02/66	08/02/06
KARD-O-PAK	565,543	US	10/21/52	10/21/02
DISSOLVE-A-BAG	1,888,520	US	04/11/95	04/11/05
DISSOLVE-A-BAG	95586518	FR	01/09/95	08/31/05
DISSOLVE-A-BAG	2032766	UK	05/31/96	09/06/05
DISSOLVE-A-BAG	96824 Milano	IT	01/26/96	01/26/06
DISSOLVE-A-BAG	2008078M	ES	03/20/97	01/23/06
DISSOLVE-A-BAG	39536080	DE	08/04/97	09/30/05
DISSOLVE-A-BAG	588355	BE	08/31/95	08/31/05

Common Law Marks

MULTIPLE BOTTOM DESIGN™

MBD™

ECO CONVENIENCE™

STAND-UP™

INNER-LINED CONTAINER™

ILC™

MEASUREDEX™

SEAL-PACK™

HENGE-PACK™

ACCU-POUR™

ROTOSEAL™

KOG™

KOP™

KOS™

DAB™

ATTACHMENT TO SCHEDULE V

Patents of American Packaging Corporation

<u>Application or Patent No.</u>	<u>Country</u>	<u>Issue or Filing Date</u>	<u>Expiration Date</u>	<u>Title</u>
5,952,025	US	09/14/99	07/28/15	Bag and Method of Making the Same
5,814,382	US	09/29/98	09/29/15	Bag and Method of Making the Same
5,786,010	US	07/28/98	07/28/15	Bag and Method of Making the Same
5,338,117	US	08/16/94	01/27/13	Bag and Method of Making the Same
5,211,305	US	05/18/93	07/27/12	Carton
5,197,625	US	03/30/93	06/14/11	Carton
5,149,315	US	09/22/92	04/12/11	Method of Making Lined Square Bottom Bag
5,105,971	US	04/21/92	09/17/11	Carton
5,011,299	US	04/30/91	02/20/10	Bag Construction
4,976,674	US	12/11/90	03/06/10	Bag and Method of Making the Same
4,838,424	US	06/13/89	10/08/07	Carton Structure for Forming Lined Carton With Interior Insert
4,490,131	US	12/25/84	06/01/02	Method of Making Bags

ATTACHMENT TO SCHEDULE V

Patents of American Packaging Corporation - continued

<u>Application or Patent No.</u>	<u>Country</u>	<u>Issue or Filing Date</u>	<u>Expiration Date</u>	<u>Title</u>
09/160,967	US	09/25/98		Bag and Method of Making the Same
09/237,577	US	01/26/99		Apparatus and Method for Making Single-Serving, Individually-Wrapped Tea Packages
09/476,665	US	12/30/99		Fog Resistant Breathable Packaging Film, Package and Method