

01-28-2002



101963173

Tab settings

To the Honorable Commissioner of Patents

Unattached original documents or copy thereof.

1. Name of conveying party(ies):
Marcal Paper Mills, Inc.

Individuals Association
 General Partnership Limited Partnership
 Corporation-State - NJ
 Other

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



2. Name and address of receiving party(ies)
Name: **Gladstone Capital Corporation**
Internal
Address:
1616 Anderson Road, Suite 208
Street Address:
City: **McLean** State: **VA** Zip: **22102**

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

If assignee is not domiciles in the United States a 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 Merger
 Security Agreement Change of Name
 Other

Execution Date: 12/17/01

4. Application number(s) or registration number(s):
A. Trademark Application No.(s)
75/519,595

B. Trademark Registration No.(s)

309,329	589,555	813,473
348,723	667,115	833,704
372,672	722,710	843,719
425,272	723,441	847,872
501,134	723,888	861,511
573,133	762,770	866,387
582,691	791,037	949,162

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Aaron J. Velli
Internal Address:
Cooley Godward LLP
Street Address: 11951 Freedom Drive
City: Reston State: VA Zip: 20190

6. Total number of applications and patents involved: **61**

7. Total fee (37 CFR 3.41)..... \$ **1,540.00**

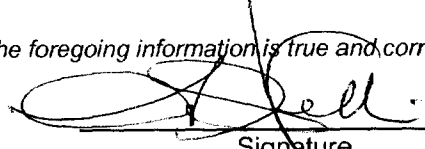
Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:

(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.

Aaron J. Velli  January 23 2002
Name of Person Signing Signature Date

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

Mail documents to be recorded with required cover sheet information to: Commissioner of Patents & Trademarks, Box Assignments Washington, D.C. 20231

01/25/2002 LWEILLER 00000146 75519595 40.00 1500.00

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

CONTINUATION OF NUMBER 4. APPLICATION NUMBERS

Tab settings ⇌ ⇌ ⇌ ▼ ▼ ▼ ▼ ▼ ▼ ▼

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Marcal Paper Mills, Inc.

- Individuals Association
- General Partnership Limited Partnership
- Corporation-State-NJ
- Other _____

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,027,037	1,349,339	1,847,360
1,036,445	1,386,762	1,854,174
1,087,719	1,412,269	1,977,939
1,089,580	1,414,918	1,990,175
1,117,267	1,505,884	2,010,772
1,122,948	1,551,844	2,036,006
1,152,761	1,595,334	2,132,053
1,174,196	1,627,099	2,179,159
1,176,179	1,643,789	2,193,172
1,237,287	1,672,586	2,221,794
1,265,703	1,707,372	2,261,398
1,269,842	1,718,087	2,305,579
1,287,907	1,757,626	2,431,471

Additional numbers attached? Yes No

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT ("*Agreement*") dated as of December 17, 2001, by MARCAL PAPER MILLS, INC., a New Jersey corporation ("*Debtor*"), with its chief executive office at One Market Street, Elmwood Park, New Jersey 07047 and GLADSTONE CAPITAL CORPORATION, a Maryland corporation, as administrative agent (in such capacity, the "*Secured Party*"), having an office at 1616 Anderson Road, Suite 208, McLean, Virginia 22102.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS, Debtor has entered or is about to enter into financing arrangements with Secured Party, in its capacity as administrative agent under the Loan Agreement (as defined below), and the financial institutions which are from time to time parties to the Loan Agreement as lenders (the "*Lenders*") pursuant to which Lenders may make loans and advances and provide other financial accommodations to Debtor as set forth in the Loan and Security Agreement, dated of even date herewith, by and among Secured Party, Lenders and Debtor (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "*Loan Agreement*"), together with various other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "*Financing Agreements*"); capitalized terms used but not otherwise defined herein have the meaning specified in the Loan Agreement; and

WHEREAS, in order to induce Secured Party and Lenders to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Secured Party, for itself and the ratable benefit of Lenders, certain collateral security as set forth herein;

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

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party, for itself and the ratable benefit of Lenders, a continuing security interest in and a general lien upon, and hereby collaterally assigns to Secured Party, for itself and the ratable benefit of Lenders: (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, tradestyles and service marks; all prints and labels on which said trademarks, trade names, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, service marks, terms, designs and applications described in *Exhibit A* hereto (the "**Trademarks**"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and (c) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or any licenses with respect thereto (all of the foregoing referenced in subparts (a), (b) and (c) are collectively referred to herein as the "**Collateral**").

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party, for itself and the ratable benefit of Lenders, pursuant to this Agreement shall secure the prompt performance, observance and indefeasible payment in full of any and all loans, indebtedness, liabilities, obligations, covenants and duties of Debtor to Lenders and/or Secured Party, of every kind, nature and description arising under or relating to this Agreement, the Loan Agreement, the other Financing Agreements, or transactions hereunder or any of the foregoing, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under this Agreement, the Loan Agreement, the other Financing Agreements, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal Term (as defined in the Loan Agreement) of the Loan Agreement or after the commencement of any case with respect to Debtor or any guarantor under the United States Bankruptcy Code or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, original, renewed or extended and whether arising directly or acquired from others, and including, without limitation, each Lender's and Secured Party's charges, commissions, interest, expenses, costs and attorneys' fees chargeable to Debtor or any guarantor under this Agreement, the Loan Agreement, or the other Financing Agreements (all hereinafter referred to as "**Obligations**").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) Debtor will pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting and registered service marks or registered trademarks, as the case may be, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder, and (ii) the licenses permitted under Section 3(e) below.

(c) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating thereto, except as permitted herein, in the other Financing Agreements, or otherwise dispose of any of the Collateral, without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this or any other similar security agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

(e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedule A annexed hereto and has not granted any security interests or licenses with respect thereto other than as set forth in *Exhibit B* hereto.

(f) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of *Exhibit C* annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as reasonably requested by Secured Party to preserve, defend, protect, maintain, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the highest then applicable rate set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

(h) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, any state therein, or any other country, unless Debtor has by thirty (30) days prior written notice informed Secured Party of such action. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party, for itself and the ratable benefit of Lenders, in such Trademark.

(i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable unless Debtor determines that it is Debtor's best interest to do so and it will not have an adverse affect on the Collateral or Debtor's business. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor will render any assistance necessary to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings except where Debtor has determined it is in best interest to lapse and it will not have an adverse affect on the Collateral or Debtor's business.

(k) Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in its discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party and each Lender harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(m) Debtor will promptly pay Secured Party for any and all costs and reasonable expenditures incurred by Secured Party, pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and reasonable attorneys' fees and reasonable legal expenses. Such costs and reasonable expenditures shall be payable on demand, together with interest at the then highest applicable rate set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any one or more defaults or events of default under the Loan Agreement (each an "*Event of Default*" hereunder).

5. RIGHTS AND REMEDIES

Immediately, upon the occurrence of any such Event of Default, and during the continuance thereof, in addition to all other rights and remedies of Secured Party, whether provided under law, this Agreement, the Loan Agreement, the other Financing Agreements, or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor, except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Secured Party may make use of any Trademarks on a royalty-free basis for the sale of goods, completion of work in process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary of Debtor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of ten (10) business days notice in the manner set forth in Section 6(b) hereof shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party and/or any Lender shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to Section 5(c) hereof, Secured Party may at

any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, legal expenses and reasonable attorneys' fees and legal expenses.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at a rate equal to the highest rate then payable on the Obligations.

(f) Debtor shall supply to Secured Party or its designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and rendition of services bearing or sold under the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, this Agreement, the Loan Agreement, the other Financing Agreements, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. MISCELLANEOUS

(a) Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party or Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

(b) Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (i) when personally delivered to any officer of the party to whom it is addressed, (ii) on the earlier of actual receipt thereof or five (5) days following posting thereof by certified or registered mail, postage prepaid, return receipt requested, or (iii) upon actual receipt thereof when sent by a recognized overnight delivery service or (iv) upon actual receipt thereof when sent by telecopier to the number set forth below with telephone communication confirming receipt and subsequently confirmed by registered or certified mail,

return receipt requested, or by recognized overnight delivery service to the address set forth below, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(A) If to Secured Party at: Gladstone Capital Corporation, as Agent
1616 Anderson Road, Suite 208
McLean, Virginia 22102
Attention: David Gladstone
Telephone: (703) 286-0773
Telecopier: (703) 286-0795

(B) If to Debtor at: Marcal Paper Mills, Inc.
1 Market Street
Elmwood Park, New Jersey 07407
Attention: President
Telephone: (201) 796-4000
Telecopier: (201) 703-6311

(c) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(d) All references to Debtor, Lenders, and Secured Party herein shall include their respective successors and assigns permitted under the Loan Agreement. All references to the term "*person*" or "*Person*" herein shall mean any individual, sole proprietorship, limited partnership, general partnership, corporation (including a business trust), limited liability company, limited liability partnership, unincorporated association, joint stock corporation, trust, joint venture, association, organization or other entity or government or any agency or instrumentality or political subdivision thereof.

(e) This Agreement shall be binding upon Debtor and its successors and assigns, and shall be to the benefit of the Secured Party and Lenders and their respective successors and assigns permitted under the Loan Agreement. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York. Any judicial proceeding brought by or against Debtor with respect to any of the Obligations, this Agreement or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and, by execution and delivery of this Agreement, Debtor accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Debtor at its address set forth in Section 6(b), and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America.

Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Secured Party or any Lender to bring proceedings against Debtor in the courts of any other jurisdiction. Debtor waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Any judicial proceeding by Debtor against Secured Party or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in the City of New York, State of New York.

(g) This Agreement and the documents executed concurrently herewith contain the entire understanding between Debtor and Secured Party and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by Debtor's and Secured Party's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Debtor acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the other Financing Agreements and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(h) EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE, AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(i) THE SECURITY INTERESTS CREATED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF THE DATE HEREOF BETWEEN (1) GMAC COMMERCIAL CREDIT LLC, AS ADMINISTRATIVE AGENT AND DOCUMENTATION AGENT FOR CERTAIN LENDERS PARTY TO A CERTAIN REVOLVING CREDIT, TERM LOAN AND SECURITY AGREEMENT DATED AS OF THE DATE HEREOF, AND (2) GLADSTONE CAPITAL CORPORATION, AS ADMINISTRATIVE AGENT FOR CERTAIN LENDERS PARTY TO A CERTAIN LOAN AND SECURITY AGREEMENT DATED AS OF THE DATE HEREOF.

EXHIBIT B
PERMITTED LIENS AND LICENSES

None .

EXHIBIT C

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that MARCAL PAPER MILLS, INC. ("*Debtor*"), having an office at 1 Market Street, Elmwood Park, New Jersey 07407, hereby appoints and constitutes, GLADSTONE CAPITAL CORPORATION, as agent ("*Secured Party*"), and each of Secured Party's officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor at any time after the occurrence and during the continuance of an Event of Default under the Security Agreement (as hereinafter defined):

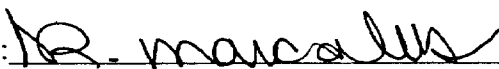
1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks, service marks, and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney, being a power coupled with an interest, is made pursuant to a Trademark Collateral Assignment and Security Agreement between Debtor and Secured Party, dated as of the date hereof (the "*Security Agreement*") and may not be revoked until the termination of all "*Financing Agreements*" and indefeasible payment in full of all Debtor's "*Obligations*", as each such quoted term is defined in the Security Agreement.

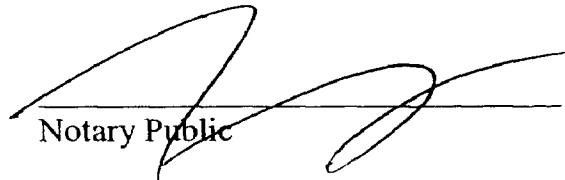
December 17, 2001

MARCAL PAPER MILLS, INC.

By: 
Nicholas R. Marcalus,
President and Chief Executive Officer

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

As of this 14th day of December, 2001, before me personally came Nicholas R. Marcalus, to me known, who being duly sworn, did depose and say, that he is the President and Chief Executive Officer of MARCAL PAPER MILLS, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.


Notary Public

JOHN ELLSWORTH
Notary Public, State of New York
No. 01EL4995735
Qualified in New York County
Commission Expires June 6, 2002

90 v2/RE_MOBILE
2J42021.DOC

EXHIBIT A

LIST OF TRADEMARKS AND APPLICATIONS

	<u>Trademark</u>	<u>Application Number</u>	<u>Registration Number</u>
1.	Aspen	73/662,099	1,551,844
2.	At Home and in the Office	75/497,306	2,305,579
3.	Bella	280,805	861,511
		72/464,41	1,027,037
4.	Buy the Bundle	74/138,864	1,672,586
5.	By the Bundle	73/535,193	1,414,918
6.	Camellia	242,370	833,704
7.	Camellia & Design	267,835	847,872
8.	Centsibles & Design	73/435,251	1,287,907
9.	Clear-Pac	73/412,089	1,269,842
10.	Draw and Store	73/792,634	1,643,789
11.	Easy Reach	556823	1,412,269
		75/458,798	2,221,794
12.	Ecopac	74/359,570	1,854,174
		73/273,783	1,176,179
13.	Empire	73/714,337	1,505,884
14.	Florentine	296,334	866,387
		271,716	843,719
15.	Fluff-Out	83,112	791,037
16.	Fluffy	75/241,018	2,193,172
		75/241,019	2,261,398
17.	Kao-Clean	75/519,595	Pending
18.	Kaobed	75/929,398	2,431,471
19.	Kaofin	75/112,728	1,122,948
20.	Kinder to the Environment	74/234,376	1,718,087
21.	Kitchen Charm	71/340,091	309,329
22.	Marcal	506,761	501,134
		40,134	667,115
		491,662	425,272
		115,933	723,441
		71/613,470	573,133
		72/404,016	949,162
23.	Marcal (stylized)	421,091	372,672
24.	Marcal Hankies	71/621,476	589,555
25.	Marcalculate	74/138,865	1,757,626

	<u>Trademark</u>	<u>Application Number</u>	<u>Registration Number</u>
26.	Marcal Plant-A-Tree	065,264	1,707,372
27.	Miscellaneous Design	97,405	722,710
28.	Paper From Paper Not From Trees 100% & Design	74/595,972	2,036,006
29.	Paper From Paper Not From Trees Recycled W/O Chi	74/632,385	1,977,939
30.	Paper From Paper Not From Trees	73/825,616	1,595,334
31.	Paperpax	72/226,568	813,473
32.	Poly-Case	73/354,916	1,265,703
33.	Purse 'n Pocket	74/038,134	1,627,099
34.	Quality Away From Home	75/584,786	1,152,761
35.	Rip-Rap	164,639	762,770
36.	Rolpac & Design	73/527,295	1,386,762
37.	Sani-Hanks	71/723,866	582,691
38.	Servi-Etas	180,678	1,117,267
39.	Service	75/002,521	1,990,175
40.	Snapac & Design	75/137,829	2,179,159
41.	Snow Lily	115,820	723,888
42.	Sofpac	72/447,159	1,036,445
43.	SST	73/516,626	1,349,339
44.	Sunrise	73/380,445	1,237,287
		71/390,329	348,723
45.	Work Force	73/126,467	1,089,580
46.	Workforce	269,107	1,174,196
		74/373,354	1,847,360
		74/586,235	2,010,772
		75/163,782	2,132,053
47.	Yellow Alert	114,723	1,087,719