

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	SECURITY INTEREST
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CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
NAILITE INTERNATIONAL, INC.		04/11/2003	CORPORATION: DELAWARE

RECEIVING PARTY DATA	
Name:	NATIONAL CITY BANK
Street Address:	One South Broad Street
Internal Address:	13th Floor
City:	Philadelphia
State/Country:	PENNSYLVANIA
Postal Code:	19107
Entity Type:	National Banking Association:

PROPERTY NUMBERS Total: 9		
Property Type	Number	Word Mark
Serial Number:	76258796	MARBELA
Serial Number:	76207530	SIDERIGHT
Serial Number:	74584838	PERFECTION-PLUS
Serial Number:	76134206	TWIGGS
Serial Number:	73410141	HEMOCRAFT
Registration Number:	1320734	ACRYLIUM
Registration Number:	1315798	NAILITE
Registration Number:	1553744	COLOR-THRU
Serial Number:	76134205	

CORRESPONDENCE DATA	
Fax Number:	(412)288-3063
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	4122883233
Email:	ptoipinbox@reedsmith.com
Correspondent Name:	Jody L. Burtner, Senior Paralegal

OP \$240.00 76258796

Address Line 1: P.O. Box 488  
Address Line 2: Reed Smith LLP  
Address Line 4: Pittsburgh, PENNSYLVANIA 15230-0488

ATTORNEY DOCKET NUMBER: 883622.20003 NAILITE

NAME OF SUBMITTER: Jody L. Burtner, Senior Paralegal

**Total Attachments: 18**

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## INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Intellectual Property Security Agreement (this "IP Agreement") is made this \_\_\_\_\_ day of April 2003, by and among NAILITE INTERNATIONAL, INC., successor by merger to Nailite International Acquisition Corp. (the "Borrower") to and in favor of NATIONAL CITY BANK, a national banking association ("Administrative Agent"), as agent for the Lenders (the "Secured Parties") under the Credit Agreement defined below.

### RECITALS

A. The Borrower and its predecessor-in-interest, Nailite International Acquisition Corp., have entered into the Credit Agreement with the lenders who are or may become subject thereto (the "Secured Parties") and the Administrative Agent pursuant to which the Secured Parties, subject to the terms and conditions contained therein, are to make loans to the Borrower (the "Credit Agreement").

B. On the date hereof, Nailite International Acquisition Corp. was merged with and into the Borrower with the Borrower as the surviving corporation.

C. It is a condition precedent to the Credit Agreement that Borrower shall have entered into this IP Agreement granting the Administrative Agent as agent for the Secured Parties a security interest in the collateral described in this IP Agreement as security for payment of funds advanced to Borrower and of Borrower's joint and several obligations under the terms of the Credit Agreement and the other Loan Documents.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of Borrower's Obligations (as defined below) to Secured Parties Borrower hereby represents, warrants, covenants and agrees as follows:

Section 1. Grant of Security Interest. As collateral security for the prompt and complete payment and performance of all of Borrower's Obligations, Borrower hereby grants to Administrative Agent a security interest in all of Borrower's right, title and interest in, to and under the Computer Software Collateral, the Copyright Collateral, the Patent Collateral, the Trade Secrets Collateral and the Trademark Collateral (each as defined below), now or hereafter existing, created, acquired or held, if any (all of which shall collectively be called the "Intellectual Property Collateral"). As used herein:

"Computer Software Collateral" means:

(a) all software programs (including both source code, object code and all related applications and data files), whether now owned, licensed or leased or hereafter developed, designed or acquired by Borrower;

(b) all firmware associated with the property described in clause (a) of this definition;

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(c) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (a) through (b);

(d) the specific collateral set forth in Exhibit A attached hereto; and

(e) all rights with respect to all of the foregoing, including without limitation, any and all copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing, but Computer Software Collateral excludes any of the above listed items that would be considered part of clauses (a) through (e) to the extent that the rights or title associated with them reside with a third party and that by including the same as part of the above, Borrower would breach violate or void a license, contract, agreement or like document between Borrower and such third party.

"Copyright Collateral" means all copyrights of Borrower in addition to the Computer Software Collateral, and all semi-conductor chip product mask works of Borrower, whether under statutory or common law, registered or unregistered, now or hereafter in force throughout the world, including, without limitation, all of a Borrower's right, title and interest in and to all copyrights and mask works registered in the United States Copyright Office or anywhere else in the world and also including, without limitation, those set forth on Exhibit B attached hereto, and all applications for registration thereof, whether pending or in preparation, all copyright and mask work licenses, including each copyright and mask work license (whether as licensee or licensor) referred to in Exhibit B, the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto throughout the world, including, without limitation, all neighboring rights and moral rights, all extensions and renewals of any thereof and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit, but Copyright collateral excludes any of the above-listed items to the extent that the control or title associated with them reside with a third party and that by including the same as part of the above definition, Borrower would breach, violate or void a license, contract, agreement or like document between Borrower and such third party.

"Patent Collateral" means:

(a) all of any Borrower's letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world, whether now existing or hereafter acquired (current patents are listed on Exhibit C);

(b) all patent licenses of Borrower (whether as licensee or licensor);

(c) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the items described in clauses (a) and (b) of this definition;

(d) the collateral set forth in Exhibit C attached hereto; and

(e) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), the right to sue third parties for past, present or future infringements of any patent or patent application, including any patent or patent application referred to herein, and for breach or enforcement of any patent license, including any patent license referred to herein, and all rights corresponding thereto throughout the world, but Patent Collateral excludes any of the above listed items that would be considered part of clauses (a) through (d) to the extent that the rights or title associated with them reside with a third party and that by including the same as part of the above, Borrower would breach, violate or void a license, contract, agreement or like document between Borrower and such third party.

“Trade Secrets Collateral” means all common law and statutory trade secrets and all other confidential or proprietary or useful information of Borrower and all know-how obtained by or used in or contemplated at any time, now or hereafter, for use in the business of Borrower (all of the foregoing being collectively called a “Trade Secret”), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses of Borrower (whether as licensee or licensor), including each Trade Secret license referred to herein, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

“Trademark Collateral” means:

(a) all of Borrower’s: trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, service marks, certification marks, collective marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of a like nature (all of the foregoing items in this clause (a) being collectively called a “Trademark”), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any state thereof or any foreign country, but Trademark Collateral excludes any of the above-listed items to the extent that the control or title associated with them resides with a third party and that by including the same as part of the above definition, Borrower would breach, violate or void a license, contract, agreement or like document between Borrower and such third party.

(b) all Trademark licenses (whether as licensee or licensor);

(c) all reissues, extensions or renewals of any of the items described in clauses (a) and (b) of this definition;

(d) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clauses (a) and (b);

(e) the collateral set forth in Exhibit D attached hereto; and

(f) all proceeds of, and rights associated with, the foregoing, including any claim by Borrower against third parties for past, present or future infringement or dilution of the foregoing, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license, but Trademark Collateral excludes any of the above-listed items that would be considered part of clauses (a) through (e) to the extent that the rights or title associated with them resides with a third party and that by including the same as part of the above, Borrower would breach, violate or void a license, contract agreement or like document between Borrower and such third party.

Section 2. Obligations Secured. The foregoing security interest is made for the purpose of securing (in such order as Administrative Agent may elect) the "Obligations," as such term is defined in the Credit Agreement. Nothing in this IP Agreement shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law, provided, however, to the extent permitted by applicable law, this IP Agreement shall create a valid security interest in such asset and, to the extent permitted by applicable law, this IP Agreement shall create a valid security interest in the proceeds of such asset.

Section 3. Authorization and Request. Borrower authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks, and any other appropriate officer on a state level or in any foreign country, as applicable, record this IP Agreement.

Section 4. Covenants and Warranties. Borrower represents, warrants, covenants and agrees as follows:

(a) Except for licensed Intellectual Property Collateral and subject to any grant of license or sale of goods by Borrower in the ordinary course of business, Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in the Intellectual Property Collateral, free and clear of any liens, charges and encumbrances except for Permitted Liens;

(b) Performance of this IP Agreement does not conflict with or result in a breach of any other agreement to which Borrower is bound except where such breach would not have a Material Adverse Effect, and this IP Agreement constitutes the grant of a security interest;

(c) During the term of this IP Agreement, Borrower shall not transfer, assign or sell any interest in the Intellectual Property Collateral except as appropriate for Borrower to do in the ordinary course of conducting its business or as permitted by the Credit Agreement, or hypothecate, or otherwise encumber any interest in the Intellectual Property Collateral, except as permitted by the Credit Agreement;

(d) Borrower shall, upon the request of any Secured Party, execute a notice in a form reasonably acceptable to Borrower and Administrative Agent with respect to any Patent, Trademark or Copyright Collateral then owned, and shall deliver such notice to Administrative Agent for recording in the U.S. Patent and Trademark Office or Register of

Copyrights, as applicable, and in any other appropriate office on a state level or in any foreign country, as applicable, so as to formally record this IP Agreement;

(e) Borrower shall promptly advise Administrative Agent of any material adverse change in the composition of the Intellectual Property Collateral, including but not limited to any ownership right of Borrower in or to any Intellectual Property Collateral specified in this IP Agreement and any abandonment, forfeiture or dedication to the public of the Computer Software, Trademark, Patent, Copyright and other Intellectual Property Collateral specified in this IP Agreement, although the obligations of this subsection (e) shall not apply to such changes that flow from the acts or omissions that Borrower shall make in its ordinary course of business with regard to Intellectual Property Collateral, including (without limitation) the discontinuance of the use of a Trademark that Borrower no longer deems worthy of using;

(f) Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, Borrower shall use commercially reasonable efforts to: (i) protect, defend and maintain the validity and enforceability of the Intellectual Property Collateral; (ii) apply for registration, when and presuming Borrower would normally do so in the ordinary course of its business, of non-registered Computer Software, Patent, Trademark and Copyright Collateral as such are created, adopted or used and shall diligently prosecute such applications; (iii) detect infringements of the Intellectual Property Collateral and promptly advise Administrative Agent in writing of infringements detected; (iv) not forego any right to protect and enforce rights to Intellectual Property Collateral; and (v) not allow any Intellectual Property Collateral to be abandoned, forfeited or dedicated to the public without the prior written consent of Administrative Agent;

(g) Borrower shall promptly notify Administrative Agent of all after-acquired Intellectual Property Collateral, whether hereafter owned, developed or acquired by Borrower or any Subsidiary of Borrower and shall notify Administrative Agent of any filed trademark or patent applications, any trademarks or copyrights registered, or any patents issued after execution of this IP Agreement . Any expenses incurred in connection with such applications or registrations shall be borne by the Borrower;

(h) This IP Agreement creates, and in the case of after-acquired Intellectual Property Collateral this IP Agreement will create at the time Borrower first has rights in such after-acquired Intellectual Property Collateral, in favor of Administrative Agent, a valid and, upon making the filings referred to in clause (i) below, a perfected first priority security interest in the Intellectual Property Collateral securing the payment and performance of the Obligations, subject to no other liens other than Permitted Liens;

(i) Except for, and upon, the filings (i) with the United States Patent and Trademark Office with respect to the Patent Collateral and Trademark Collateral (ii) the U.S. Register of Copyrights with respect to the Copyright Collateral and (iii) the appropriate state or local authority for any state registrations, that are necessary to perfect the security interests created hereunder, and except as has been already made or obtained and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either: (1) for the grant by Borrower of the U.S. security interest granted hereby or for the execution, delivery or performance of this

IP Agreement by Borrower or (2) for the perfection of the U.S. security interests granted hereby or the exercise by Secured Party of its rights and remedies thereunder;

(j) All information heretofore, herein or hereafter supplied to any Secured Party by or on behalf of Borrower with respect to the Intellectual Property Collateral is accurate and complete in all material respects;

(k) Excluding those agreements that are executed by Borrower in the ordinary course of business, Borrower shall not enter into any agreement that would impair or conflict with Borrower's obligations hereunder with regard to the Intellectual Property Collateral without Administrative Agent's prior written consent, which shall not be unreasonably withheld. Borrower shall not permit the inclusion in any contract to which it becomes a party of any provisions that reasonably could in any way prevent the creation of a security interest in Borrower's rights and interest in any Intellectual Property Collateral that may be acquired by Borrower under such contract;

(l) Except for those contracts and license arrangements that are in the ordinary course of business, Borrower shall not take any action, or enter into any license, royalty, assignment or other agreement which is inconsistent with Borrower's obligations under this IP Agreement or which has the effect of reducing the value of the Intellectual Property Collateral without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, and Borrower shall give the Administrative Agent thirty (30) days' prior written notice of any proposed license, royalty, assignment or other agreement which would bind Borrower; and

(m) Upon any executive officer of Borrower obtaining actual knowledge thereof, Borrower will promptly notify Administrative Agent in writing of any event that materially adversely affects: (i) the value of the Intellectual Property Collateral; (ii) the ability of Borrower to dispose of any Intellectual Property Collateral; and (iii) the rights and remedies of Administrative Agent in relation thereto, including without limitation the levy of any legal process against any of the Intellectual Property Collateral.

Section 5. Administrative Agent's Rights. Administrative Agent shall have the right, but not the obligation, to take, at Borrower's sole expense, any action that Borrower is required to take under this IP Agreement but which Borrower fails to take, after ten (10) Business Days' notice of such failure to Borrower. Borrower shall reimburse and indemnify Administrative Agent for all reasonable costs and expenses incurred in the exercise of its rights under this Section 5. The giving of notice pursuant to this Section 5 and all other sections of the IP Agreement shall be governed by the terms of Section 13.01 of the Credit Agreement.

Section 6. Responsibility of Borrower. In furtherance and not in limitation of the other provisions of this IP Agreement, and except as otherwise stated in this IP Agreement, Administrative Agent shall have no duty or responsibility with respect to the Intellectual Property Collateral or its preservation. Borrower acknowledges and agrees that it has reviewed the terms of this IP Agreement with counsel of its choosing and that Borrower has determined that neither execution, delivery nor performance of this IP Agreement by Borrower or by Administrative Agent will in any way impair the Intellectual Property Collateral or



Borrower's right, title and interest therein, subject to the purpose of this IP Agreement, which is to impose a lien thereon in favor of Administrative Agent.

Section 7. Conduct of Business; Inspection Rights. In order to preserve and protect the goodwill associated with the Trademarks, Borrower covenants and agrees to maintain the quality of the products and services sold under or in connection with the Intellectual Property Collateral as Borrower deems to be in its best interests and, except in accordance with its customary business practices, Borrower shall not at any time permit any material impairment of the quality of said products and services. Borrower shall do any and all acts required by the Administrative Agent to ensure Borrower's compliance with this Section 7. Borrower hereby grants to Administrative Agent and its employees, representatives and agents the right, upon the giving of three (3) Business Days' notice, to visit Borrower, and any of Borrower's plants and facilities that manufacture or store products (or that have done so during the prior six-month period) that are sold utilizing any of the Intellectual Property Collateral, and to inspect the products and quality control records relating thereto as often as may be requested, subject to Section 8.11 of the Credit Agreement.

Section 8. Further Assurances; Attorney in Fact.

(a) On a continuing basis, and at Borrower's sole expense, Borrower shall, subject to any prior licenses, encumbrances and restrictions and prospective licenses, execute, acknowledge and deliver for filing, all such instruments, including financing and continuation statements and collateral agreements and filings with the United States Patent and Trademark Office and Register of Copyrights, and take all other such action as may be reasonably requested by Administrative Agent, to create, preserve, continue, charge, validate or perfect Administrative Agent's security interest in all Intellectual Property Collateral and otherwise to carry out the intent and purposes of this IP Agreement, or for assuring and confirming to Administrative Agent the grant or perfection of a security interest in all Intellectual Property Collateral.

(b) Borrower hereby irrevocably appoints Administrative Agent as Borrower's attorney-in-fact, with full authority in the place and stead of any Borrower and in the name of Borrower, Administrative Agent or otherwise, from time to time in Administrative Agent's discretion, upon Borrower's failure or inability to do so, to take any action and/or to execute any instrument which Administrative Agent may reasonably deem necessary to accomplish the purposes of this IP Agreement, including without limitation:

(i) the modification of this IP Agreement without first obtaining Borrower's approval of or signature to such modification by amending any Exhibit hereof, as appropriate, to include reference to any right, title or interest in any Intellectual Property Collateral owned or acquired by Borrower after the execution hereof or to delete any reference to any right, title or interest in any Intellectual Property Collateral in which Borrower no longer has or claims any right, title or interest;

(ii) the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Intellectual Property Collateral without the signature of Borrower; and

(iii) upon the occurrence and during the continuance of an Event of Default, the endorsement of Borrower's name on all applications, documents, papers and instruments as is necessary for the Administrative Agent to use the Intellectual Property Collateral, or to grant or issue any exclusive or non-exclusive license under the Intellectual Property Collateral to any third person, or necessary for the Administrative Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Intellectual Property Collateral, including the goodwill associated therewith, to Administrative Agent or any third person.

(c) This power of attorney, being coupled with an interest, shall be irrevocable for the life of this IP Agreement.

#### Section 9. Remedies.

(a) Upon the occurrence and during the continuance of a Default or an Event of Default and after notice from Administrative Agent that Borrower's rights to use the Intellectual Property Collateral are terminated, Borrower's rights to use the Intellectual Property Collateral shall terminate forthwith and Administrative Agent shall have the right to exercise all the remedies of a Secured Party under the Uniform Commercial Code and any applicable federal law, including without limitation the right to require Borrower to assemble the Intellectual Property Collateral and any tangible property in which Administrative Agent has a security interest and to make it available to Administrative Agent at a place designated by Administrative Agent. Borrower will pay any reasonable expenses (including attorneys' fees) incurred by Administrative Agent in connection with the exercise of Administrative Agent's rights hereunder, including without limitation any expense incurred in disposing of the Intellectual Property Collateral. All of Administrative Agent's rights and remedies with respect to the Intellectual Property Collateral shall be cumulative.

(b) Upon the occurrence and during the continuance of a Default or an Event of Default, without limiting the generality of the foregoing, the Administrative Agent may immediately, without demand of performance and without advertisement, require Borrower to assign of record the Intellectual Property Collateral to Administrative Agent (or its assignees), and/or beneficially sell at public or private sale or otherwise realize upon the whole, or from time to time any part, of the Intellectual Property Collateral and the goodwill associated therewith or any interest which Borrower has therein, and after deducting from the proceeds of said sale or other disposition of the Intellectual Property Collateral all expenses (including all expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Obligations. Upon the request of Borrower, Administrative Agent shall provide Borrower with an accounting of such expenses. Any remainder of the proceeds after payment in full in cash of the Obligations and irrevocable termination of the Commitment under the Credit Agreement shall be paid over to Borrower. Prior notice of any sale or other disposition of the Intellectual Property Collateral need not be given to Borrower unless otherwise required by law (and if notice is required by law, it shall be given ten (10) Business Days before the time of any intended public or private sale or other disposition of the Intellectual Property Collateral is to be made, which Borrower hereby agrees shall be reasonable notice of such sale or other disposition). At any such sale or other disposition, the Administrative Agent (or any assignee of the Administrative Agent) may, to the extent permissible under applicable law, purchase the

whole or any part of or interest in the Intellectual Property Collateral sold, free from any right of redemption on the part of Borrower, which right is hereby waived and released.

Section 10. Conduct of Business After Default or Event of Default. The parties understand and agree that the conditional assignment set forth in Section 9(b) with respect to the Intellectual Property Collateral as provided for in this IP Agreement will and is intended to permit the Administrative Agent and its successors and assigns, upon the occurrence and continuance of a Default or an Event of Default, to take title to and make use of all rights to the Intellectual Property Collateral and to carry on the business of Borrower.

Section 11. Deficiency. If proceeds referred to in Section 9(b) above are insufficient to pay the Obligations in full in cash, Borrower and each other Obligor shall, jointly and severally, continue to be liable for the entire deficiency.

Section 12. Indemnity.

(a) Borrower agrees to defend, indemnify and hold harmless Administrative Agent and its successors, assigns, participants, and their directors, officers, employees, and agents from and against: (i) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this IP Agreement, including without limitation, the assignment of the Intellectual Property Collateral, the use of the Intellectual Property Collateral, the alleged infringement by the Administrative Agent of the intellectual property rights of others, any infringement action or other claim relating to the Intellectual Property Collateral or enforcement of the terms hereof (all of which shall collectively be called the "Transactions"), and (ii) all losses or expenses in any way suffered, incurred, or paid by Administrative Agent as a result of the Transactions under this IP Agreement, the Credit Agreement or any other Loan Document (including without limitation, attorneys' fees and expenses), but only to the extent that such claim, obligation, demand or liability was not caused by the willful misconduct or gross negligence of the Administrative Agent.

(b) Borrower also agrees to defend, indemnify and hold harmless Administrative Agent and its successors, assigns, participants, and their directors, officers, employees, and agents, on demand, from and against any and all losses, claims, obligations, damages, fees, costs, liabilities, expenses or disbursements of any kind and nature whatsoever (including but not limited to fees and disbursements of counsel, interest, penalties, and amounts paid in settlement) incurred by the Administrative Agent and its successors, assigns and participants in connection with the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Intellectual Property Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Intellectual Property Collateral, but only to the extent not caused by the willful misconduct or gross negligence of the Administrative Agent.

Section 13. Release of Security Interest. At such time as Borrower shall completely and finally satisfy all of the Obligations secured hereunder in full in cash, and there shall exist no continuing liability of Borrower with respect to the Obligations secured hereunder, and the Commitment under the Credit Agreement shall have been irrevocably terminated,

Administrative Agent shall release its security interest in the Intellectual Property Collateral and execute and deliver to Borrower all UCC-3 termination statements or other instruments evidencing such release as may be reasonably requested by Borrower.

Section 14. Course of Dealing. No course of dealing, nor any failure to exercise, nor any delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 15. Assigns. This IP Agreement shall be binding upon Borrower and Borrower's successors and permitted assigns, but shall not be assignable by Borrower, and shall inure to the benefit of Administrative Agent and its successors, assigns and participants.

Section 16. Amendments. This IP Agreement may be amended only by a written instrument signed by all parties hereto, except as specifically provided under Section 8 hereof.

Section 17. Counterparts. This IP Agreement may be executed in two or more counterparts, and each party may sign on a separate counterpart, each of which shall be deemed an original but all of which together shall constitute the same instrument.

Section 18. Law and Jurisdiction. This IP Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to conflicts of law principles.

Section 19. Confidentiality. In handling any confidential information, including (without limitation) Trade Secrets Collateral, Administrative Agent shall exercise the same degree of care that it exercises with respect to its own proprietary information to maintain the confidentiality and/or trade secret status of any non-public information thereby received or received pursuant to this IP Agreement, but in no case shall it use less than reasonable care, except that the disclosure of this information may be made (a) as required by law, regulation, rule or order, subpoena, judicial order or similar order and (b) provided that the recipient has entered into a comparable confidentiality agreement in favor of Borrower and has delivered a copy, (i) to Borrower, (ii) to the affiliates of the Administrative Agent, (iii) to prospective transferees or purchasers of or participants in an interest in the Obligations secured hereby, provided that such other parties are primarily in the financing business and are not competitors of Borrower, and (iv) as may be required in connection with the examination, audit or similar investigation of Administrative Agent.

Section 20. Severability. The provisions of this IP Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this IP Agreement in any jurisdiction.

Section 21. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Credit Agreement.

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[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this IP Agreement on the day and year first above written.

WITNESS:

NAILITE INTERNATIONAL, INC.,  
a Delaware corporation

By: *Clement A. Lawton*  
Title: \_\_\_\_\_

By: *Joseph L. May*  
Title: \_\_\_\_\_

**Exhibit A**

**Computer Software Collateral**

The Borrower has a license to use certain software from the following companies:

- IBM AS/400 – 50 seats
- MAPICS – 50 seats
- Microsoft – 35 seats for Office 95, Office 98 and Office 2000
- Microsoft – 35 seats for Windows 95, Windows 98 and Windows 2000
- Microsoft Project 2000 – 2 seats
- AT&T provides proprietary software for their proprietary T-1 switches
- Symantic Norton Anti-Virus Corporate Edition – 50 seats
- Microsoft Windows 2000 Service CAL – 50 seats
- Microsoft Exchange 2000 Server CAL – 50 seats
- Veritas Backup Ex 9.0 – 2 seats
- Veritas Backup Ex 9.0 Exchange Agent – 1 seat
- Veritas Backup Ex 9.0 Remote Agent – 4 seats
- Veritas Backup Ex. 9.0 IDR – 4 seats
- Pest Patrol – 50 seats
- Messageware Plus Pack for OWA – 50 seats
- Messageware Session Guard for OWA – 50 seats
- Auto Prof. Profile Maker – 50 seats
- Com Axis UniAccess – 35 seats
- Custom Guide Outlook 2000 Tutorial
- St. Bernard Software Update Expert – 50 seats
- Trend Micro Scanmail and eManager – 50 seats

**Exhibit B**

**Copyright Collateral**

None.



## Exhibit C

### Patent Collateral

#### U.S. patents:

<u>Patent #</u>	<u>Patent Title</u>	<u>Issue Date</u>
5072562	Decorative Wall Covering	12/17/91
5076037	Decorative Wall Covering and Method of Installation	12/31/91
5249402 <sup>1</sup>	Decorative Wall Covering	10/05/93
5347784 <sup>2</sup>	Decorative Wall Covering with Improved Interlock and Corner Construction	9/20/94
5537792	Decorative Wall Covering	7/23/96
4680911	Decorative Wall Covering	7/21/87
4522002	Wall Panels	6/11/85

#### U.S. patent applications pending:

<u>Pat. Appln. #</u>	<u>Pat. Appln. Title</u>	<u>Filing Date</u>
10/144284	Decorative Wall Covering with Upward Movement Panel Interlock System	5/10/02
10/164262	Wall Covering with Improved Corner Molding and Method of Installation	6/5/02

#### Foreign patents:

<u>Patent #</u>	<u>Patent Title</u>	<u>Country</u>	<u>Issue Date</u>
2037429	Decorative Wall Covering and Method of Installation	Canada	1/9/01
NI-87307	Decorative Wall Covering	Taiwan	7/1/97

<sup>1</sup> None of the named investors have ever executed assignments of this patent to Nailite. Based upon the facts currently known, Nailite believes it has, at a minimum, a valid shop right, *i.e.* a royalty fee license to use the technology covered by the patent without any right to license, sell or transfer the same.

<sup>2</sup> Co-owner.

Foreign patent applications:

<u>Pat. Appln. #</u>	<u>Pat. Appln. Title</u>	<u>Country</u>	<u>Filing Date</u>
97-706525 PCT	Decorative Wall Covering	Japan	2/16/96
96906479.9 PCT	Decorative Wall Covering	EP	2/16/96

**Exhibit D**

**Trademark Collateral**

U.S. trademark applications:

<u>Appln. #</u>	<u>Trademark Name</u>	<u>Filing Date</u>
76/258796	MARBELA	5/18/01
76/207530	SIDERIGHT	2/12/01

Registered U.S. trademarks:

<u>Reg. #</u>	<u>Trademark Name</u>	<u>Reg. Date</u>
1320734	ACRYLIUM	2/19/85
1315798	NAILITE	1/22/85

Foreign trademark applications:

<u>Appln. #</u>	<u>Trademark Name</u>	<u>Country</u>	<u>Filing Date</u>
1107196	MARBELA	Canada	6/20/01
1109708	SIDERIGHT	Canada	7/17/01
120717	NAILITE	European Community	4/1/96

Foreign registered trademarks:

<u>Reg. #</u>	<u>Trademark Name</u>	<u>Country</u>	<u>Reg. Date</u>
463775	NAILITE	Canada	9/27/96
2007525	NAILITE	Germany	12/18/91
3333730	NAILITE	Japan	7/18/97
344453	NAILITE	Korea, South	7/31/96
179113	NAILITE	Russian Federation	8/26/99
700793	NAILITE	Taiwan	12/16/95

Abandoned and/or cancelled trademark registrations and applications for which the Borrower may have remaining common law rights to the subject trademarks therein:

<u>Reg. #</u>	<u>Trademark Name</u>	<u>Country</u>	<u>Reg. Date</u>
1,553,744	COLOR-THRU	US	8/29/89
TMA 023378	WEATHER SHIELD	Canada	4/18/80

<u>Appln. #</u>	<u>Trademark Name</u>	<u>Country</u>	<u>Filing Date</u>
74/584,838	PERFECTION-PLUS	US	10/12/94
76//134,206	TWIGGS	US	9/25/00
73/410,141	HEMOCRAFT	US	1/20/83
76/134,205	Misc. Design	US	9/25/00