

05-27-2004

5/27/04

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30)



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SHEET ONLY

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

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):

QST Industries, Inc. 231 South Jefferson Street Chicago, Illinois 60661

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

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

2. Name and address of receiving party(ies)

Name: Bank One, NA, as Agent Internal Address:

Street Address: 1201 South Milwaukee Avenue

City: Libertyville State: IL Zip: 60048

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

If assignee is not domiciled 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: 05/21/04

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

A. Trademark Application No.(s) See attached Exhibit A

B. Trademark Registration No.(s) See attached Exhibit A

Additional number(s) attached Yes No

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

Name: Catherine Ho

Internal Address:

Street Address: Vedder, Price

222 North LaSalle Street, Suite 2400

City: Chicago State: IL Zip: 60601

6. Total number of applications and registrations involved:

25

7. Total fee (37 CFR 3.41) \$ 640.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Catherine Ho

Name of Person Signing

Signature

May 26, 2004

Date

05/28/2004 BYRNE 00000003 0768236

01 FC:8521 02 FC:8522

40.00 600.00

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

17

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

**EXHIBIT A****- U.S. TRADEMARK REGISTRATIONS -**

<b>TRADEMARK</b>	<b>CLASS</b>	<b>REGIST #</b>	<b>REGIST DATE</b>	<b>EXP DATE</b>
BAN-ROL	24	0768236	14-APR-1964	14-APR-2004
BAN-ROL	7	0873380	22-JUL-1969	22-JUL-2009
ECONOMIZER	26	1275318	24-APR-1984	24-APR-2004
EDGE CONTROL	24	1310112	18-DEC-1984	18-DEC-2004
ELASTIC BAN-ROL	26	1323414	05-MAR-1985	05-MAR-2005
FLEX-A-VENT	24	1277044	08-MAY-1984	03-MAY-2004
HYDRO-STICK	16	2763264	16-SEP-2003	16-SEP-2013
NATURELLE	24	1276215	01-MAY-1984	01-MAY-2004
NYLO-AIRE	24	1305996	20-NOV-1984	20-NOV-2004
POLY-ASTRO	24	2777942	28-OCT-2003	28-OCT-2013
POLYMESH PLUS	24	76413049	(pending)	---
POLY-SLIM	24	1269265	06-MAR-1984	06-MAR-2004
POLYTAB	24	1286070	17-JUL-1984	17-JUL-2004
Q-LOOP	17	1827469	22-MAR-1994	22-MAR-2004
QST	7	1811873	21-DEC-1993	21-DEC-2003
QST (stylized form)	24	0953726	20-FEB-1973	20-FEB-2013
QST w/ellipse design	7, 17, 24	2542350	26-FEB-2002	26-FEB-2012
QUICK-STRETCH	24	2027646	31-DEC-1996	31-DEC-2006
SAPPHIRE	24	1346275	02-JUL-1985	02-JUL-2005
SIGNATURE	24	1257622	15-NOV-1983	15-NOV-2003
VENICE	24	1312397	01-JAN-1985	01-JAN-2005
WEARTUFF	24	1421132	16-DEC-1986	16-DEC-2006
XL1000	24	1305068	13-NOV-1984	13-NOV-2004
XL2000	24	1305067	13-NOV-1984	13-NOV-2004
XL91	24	1379222	21-JAN-1986	21-JAN-2006

## TRADEMARK AND LICENSE SECURITY AGREEMENT

TRADEMARK AND LICENSE SECURITY AGREEMENT ("Agreement") dated as of May 21, 2004, made by QST Industries, Inc., a Delaware corporation ("Borrower"), and any other persons or entities which from time to time become parties hereto pursuant to Section 5 hereof (Borrower and such other persons and entities are referred to herein, collectively, as the "Grantors" and, individually, each as a "Grantor"); and BANK ONE, NA ("Bank One"), as an LC Issuer and as agent for the Lender referred to below (Bank One, in such capacity, the "Agent").

### W I T N E S S E T H:

WHEREAS, Agent, certain financial institutions from time to time a party thereto (the "Lenders") and the Grantors have entered into that certain Credit Agreement (the "Credit Agreement"), dated of even date herewith, pursuant to which the Lenders have, subject to the terms and conditions set forth therein, agreed to extend certain credit facilities to Borrower;

WHEREAS, each of the Grantors (other than Borrower) have guaranteed the Obligations;

WHEREAS, the Agent and the Lenders have required, as a further condition to entering into the Credit Agreement and to secure the Obligations under the Credit Agreement and the other Loan Documents, that Grantors execute this Agreement.

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

1. Defined Terms. When used herein, (a) capitalized terms which are not otherwise defined have the meanings assigned thereto in the Credit Agreement; and (b) the following terms have the following meanings:

- (i) Collateral see Section 2.
- (ii) Default means the occurrence of any of the following events: (a) any Default; (b) any Unmatured Default; or (c) any warranty of any of the Grantors herein is untrue or misleading in any material respect.
- (iii) Existing Trademark See Section 3.
- (iv) Freudenberg means Freudenberg Nonwovens Limited Partnership, a Massachusetts limited partnership.
- (v) Freudenberg Agreement shall mean, collectively and individually, that certain Distributor Agreement dated as of March 1, 2004, by and between Freudenberg and Borrower, the Sublicense Agreement dated as of March

1, 2004, by and between Freudenberg and Borrower, the Distributor Agreement dated as of November 1, 2002, by and between Freudenberg and QST Industrias de Mexico S. de R.L. de C.V., a Mexico limited liability partnership.

- (vi) Freudenberg Consent shall mean the consent dated on or around the date of this Agreement obtained by Borrower and delivered to Agent with respect to the Freudenberg Agreement.
- (vii) License see Section 2.
- (viii) Licensor's Consent means, with respect to any Material License of any Grantor, any consent or approval necessary (i) with respect to any Material License (other than a Material Inventory License), for the grant to Agent of a security interest in such Material License and all proceeds thereof, (ii) with respect to any Material Inventory License, to allow Agent complete and sell off any Inventory bearing or incorporating any Intellectual Property Rights licensed to such Grantor under such Material Inventory License (whether or not such Material Inventory License has terminated) in connection with the exercise by Agent of its rights and remedies under this Agreement without (a) infringing on the rights of the applicable licensor, (b) violating any contract with the applicable licensor or (c) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement (which shall, if paid by Agent, constitute additional Obligations of Borrower) or otherwise.
- (ix) Material License means, with respect to any Person any License (a) under which such Person is a licensor, (b) under which such Person is a licensee and which licenses to such Person Intellectual Property Rights for use by such Person or its Affiliates in connection with the sale of Inventory or (c) is otherwise material to the operation of such Person's business.
- (x) Material Inventory License means, with respect to any Person, any Material License under which such Person is a licensee and that allows such Person or a third party to use any Intellectual Property Rights licensed under such Material License in connection with the sale of Inventory.
- (xi) Trademarks see Section 2.

The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. Unless otherwise provided, all references to any instruments or agreements to which

Agent is a party, including, without limitation, references to the Credit Agreement and any of the other Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

2. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, each of the Grantors hereby grants, to Agent, for its benefit and the ratable benefit of the Lenders a first priority security interest, having priority over all other security interests, with power of sale (to the extent permitted by applicable law) in all of such Grantor's interest in now owned or existing and hereafter acquired or arising (collectively, the "Collateral"):

- (i) trademarks, registered trademarks and trademark applications, trademark registrations, trade names, service marks, registered service marks, service mark applications, and service mark registrations, including, without limitation, the registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule A, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, and (d) all of such Grantor's rights corresponding thereto throughout the world (all of the foregoing registered trademarks, trademark applications, registered service marks and service mark applications, together with the items described in clauses (a)-(d) in this paragraph 2(i), being sometimes hereinafter individually and/or collectively referred to as the "Trademarks");
- (ii) the goodwill of such Grantor's business connected with and symbolized by the Trademarks; and
- (iii) license agreements with any other party in connection with any Trademarks or such other party's trademarks, registered trademarks, trademark applications, trademark registrations, trade names, service marks, registered service marks, service mark applications and service mark registrations, whether such Grantor is a licensor or licensee under any such license agreement, including, but not limited to, the license agreements listed on Schedule B, and the right upon the occurrence and during the continuance of a Default to use the foregoing in connection with the enforcement of Agent's and Lenders' rights under the Credit Agreement (all of the foregoing being hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 2, the Licenses shall not include any license agreement which by its terms prohibits (to the extent such prohibition is enforceable under applicable law) the grant of the security interest contemplated by this Agreement for so long as such prohibition continues.

3. Restrictions on Licenses; Trademarks. Each Grantor will use its reasonable efforts to secure a Licensor's Consent with respect to each Material License held by such Grantor as of the Closing Date (it being understood that, with respect to any Material Inventory License, the failure to obtain such Licensor's Consent will render all related Inventory ineligible under the Credit Agreement). With respect to any Material License to be entered into after the Closing Date (A) under which a Grantor is the licensor, such Grantor shall secure a Licensor's Consent with respect to each such Material License, and (B) under which a Grantor is the licensee, such Grantor will use reasonable efforts to secure a Licensor's Consent with respect to each such Material License (it being understood that, with respect to any Material Inventory License, the failure to obtain such Licensor's Consent will render all related Inventory ineligible under the Credit Agreement). Notwithstanding the foregoing, it is agreed that the Freudenberg Licensor's Consent shall be deemed to satisfy the provisions of this Section 4.7(a) with respect to the Freudenberg Agreement (so long as such agreement is not hereafter amended or otherwise modified in any manner which would be adverse to Agent's security interest therein or rights and remedies hereunder). Agent acknowledges that Grantors do not consider any of their product Trademark registrations existing as of the Closing Date (the "Existing Trademarks") material to their business and do not intend to, and Grantors shall not be required to, renew the Existing Trademarks.

4. New Trademarks and Licenses. Each of the Grantors represents and warrants that the Trademarks and Licenses listed on Schedule A and Schedule B, respectively, include all of the U.S. domestic Trademarks and Licenses now owned or held by such Grantor. If, prior to the termination of this Agreement, any Grantor shall (i) obtain rights to any new Trademark or Licenses or (ii) become entitled to the benefit of any new or existing Trademark or License, the provisions of Section 2 shall automatically apply thereto and such Grantor shall notify Agent in writing (with reasonable detail) of such changes once every Fiscal Quarter; provided that such Grantor shall, within five (5) days of approval, notify Agent and provide Agent with copies of all relevant documents relating to the approval of an application for a domestic Trademark by the United States Patent and Trademark Office. Each of the Grantors hereby authorizes Agent to unilaterally modify this Agreement by (a) amending Schedule A or Schedule B, as the case may be, to include any Trademarks or Licenses which are described under Section 2, or under this Section 4, and (b) filing with the United States Patent and Trademark Office, in addition to and not in substitution for, this Agreement, a duplicate original of this Agreement containing on Schedule A or Schedule B thereto, as the case may be, the revised list of Trademarks and/or Licenses under Section 2 or this Section 4. Notwithstanding the foregoing, each of the Grantors hereby agrees that Agent's security interest shall extend to all of the collateral listed in Section 2 and this Section 4, regardless of whether Agent actually amends Schedule A and Schedule B.

5. Additional Parties. To the extent permitted by the Credit Agreement, at any time after the date of this Agreement, one or more additional Persons may become parties hereto by executing and delivering to the Agent a counterpart signature page to this Agreement together with supplements to the Schedules hereto setting forth all relevant information with respect to such party as of the date of such delivery. Immediately upon such execution and delivery (and without any further action), each such additional Person will become a party to, and will be bound by all the terms of, this Agreement. Without limiting the generality of the foregoing, upon such additional Person's execution of such counterpart, each reference to "Grantor" herein shall include such additional Person and such Person shall be deemed to have thereupon granted

to Agent for its benefit and the ratable benefit of the Lenders a first priority security interest in all of its Collateral, as provided herein.

6. Royalties. Each of the Grantors hereby agrees that the use by Agent of the Trademarks and Licenses as described in Section 2 and Section 4 and as authorized hereunder shall be, to the extent permitted by applicable law, co-extensive with such Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from Agent to such Grantor.

7. Nature and Continuation of Lenders' Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and Licenses and shall remain in full force and effect until the Obligations have been paid in full and the Credit Agreement terminated. At such time, the rights granted to Agent hereunder shall also terminate.

8. Right to Inspect; Further Assignments and Security Interests. Agent shall have the right, consistent with the Credit Agreement at any reasonable time and from time to time, to inspect the premises and to examine the books, records, and operations of each Grantor relating to the Trademarks and the Licenses, including, without limitation, such Grantor's quality control processes; provided, that in conducting such inspections and examinations, Agent shall use reasonable efforts not to disturb unnecessarily the conduct of such Grantor's ordinary business operations. From and after the occurrence of, and during the continuance of, a Default, and subject to the terms of the Credit Agreement, each of the Grantors agrees that Agent or a conservator appointed by Agent, shall have the right to establish such reasonable additional product quality controls as Agent or such conservator, in its sole judgment, may deem necessary to assure maintenance of the quality of products sold by such Grantor under the Trademarks or the Licenses. Each of the Grantors agrees (i) not to sell or assign its respective interests in, or grant any license under, the Trademarks or the Licenses without the prior written consent of Agent, (ii) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with the quality of said products as of the date hereof, and (iii) not to reduce the quality of such products in any material respect without the prior written consent of Agent.

9. Duties of Grantors. Each Grantors shall have the duty, to the extent economically desirable in the normal conduct of such Grantor's business and consistent with such Grantor's current business practices (excluding, for clarification, in each case the Existing Trademarks): (i) to prosecute diligently any trademark applications or registrations or service mark applications or registrations that are part of the Trademarks pending as of the date hereof or thereafter until the termination of this Agreement, (ii) to make applications for trademarks and service marks as such Grantor deems appropriate, and (iii) to take reasonable steps to preserve and maintain all of such Grantor's rights in the trademark and service mark applications and trademark and service mark registrations that are part of the Trademarks. Any expenses incurred in connection with the foregoing shall be borne by such Grantor. No Grantors shall abandon any material trademark or service mark which is the subject of a registered trademark, service mark or application therefor (excluding for clarification the Existing Trademarks) and which is or shall be, in such Grantor's commercially reasonable business judgment, necessary or economically desirable in the operation of such Grantor's business. Granter agrees to retain an experienced

trademark attorney reasonably acceptable to Agent for the filing and prosecution of all such applications and other proceedings. Neither Agent nor any Lender shall have any duty with respect to the Trademarks or Licenses. Without limiting the generality of the foregoing, neither Agent nor any Lender shall be under any obligation to take any steps necessary to preserve rights in the Trademarks and Licenses against any other parties, but may do so at Agent's option during the continuance of a Default, and all expenses incurred in connection therewith shall be for the sole account of the Grantors and added to the Obligations secured hereby.

10. Agent's Right to Sue. From and after the occurrence and during the continuance of a Default, and subject to the terms of the Credit Agreement, Agent shall have the right, but shall not be obligated, to bring suit to enforce the Trademarks and the Licenses and, if Agent shall commence any such suit, each of the Grantors shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement. Each of the Grantors shall, upon demand, promptly reimburse and indemnify Agent for all costs and reasonable expenses incurred by Agent in the exercise of its rights under this Section 10 (including, without limitation, all attorneys' and paralegals' fees). If, for any reason whatsoever, Agent is not reimbursed with respect to the costs and expenses referred to in the preceding sentence, such costs and expenses shall be added to the Obligations secured hereby.

11. Waivers. No course of dealing between any Grantor and Agent, and no failure to exercise or delay in exercising on the part of Agent any right, power or privilege hereunder or under the Credit Agreement or other Loan Documents shall operate as a waiver of any of Agent's rights, powers or privileges. No single or partial exercise of any right, power or privilege hereunder or under the Credit Agreement or other Loan Documents shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Agent's Exercise of Rights and Remedies Upon Default. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of a Default, Agent may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement or other Loan Documents. Without limiting the generality of the foregoing, each Grantor acknowledges and agrees that (i) the Trademarks and the Licenses comprise a portion of the Collateral and Lender shall have the right to exercise its rights under the Loan Agreement with respect to the Trademarks and the Licenses to the same extent as with respect to all other items of Collateral described therein, and (ii) from and after the occurrence and during the continuance of a Default, Agent or its nominee may use the Trademarks and Licenses to complete the manufacture of, assemble, package, distribute, prepare for sale and sell the inventory, or for any other purpose in connection with the conduct of such Grantor's business. Any proceeds of any of the Collateral may be applied by the Agent to the payment of expenses in connection with the enforcement of Agent's rights and remedies hereunder and in connection with the Collateral, including, without limitation, reasonable attorneys' fees and legal expenses, and any balance of such proceeds may be applied by the Agent toward the payment of such of the Obligations, and in such order of application, as the Agent may from time to time elect (and, after payment in full of all Obligations, any excess shall be delivered to the Company or as a court of competent jurisdiction shall direct).



13. Intent-to-Use Applications. Notwithstanding any provision of this Agreement, the applicable Uniform Commercial Code or any other agreement or law, in no event shall any party be required or permitted to assign, convey or transfer any trademark or service mark that is the subject of an application for registration under Section 1(b) of the Lanham Act (15 U.S.C. § 1051(b)), as amended, prior to the filing of the verified statement of use under Section 1(d) of the Lanham Act (15 U.S.C. § 1051(d)), as amended.

14. Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or 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 Agreement in any jurisdiction.

15. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 2 and Section 4 hereof or by a writing signed by the parties hereto.

16. Cumulative Remedies; Power of Attorney. All of Agent's rights and remedies with respect to the Trademarks and the Licenses, whether established hereby, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Each of the Grantors hereby irrevocably appoints Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise to carry out the acts described below. Upon the occurrence and during the continuance of a Default, each of the Grantors hereby authorizes Agent to, in its sole discretion, (i) endorse such Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Trademarks and the Licenses, (ii) take any other actions with respect to the Trademarks and the Licenses as Agent deems are in its best interest, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks to anyone on commercially reasonable terms, and (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone on commercially reasonable terms. Agent shall take no action pursuant to subsection (i), (ii), (iii) or (iv) of this Section 16 without taking like action with respect to the entire goodwill of such Grantor's business connected with the use of, and symbolized by, such Trademarks. Each of the Grantors hereby ratifies all that such attorney-in-fact shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement shall have been terminated pursuant to Section 7 hereof. Each of the Grantors acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Agent or Lenders under the Credit Agreement or other Loan Documents, but rather is intended to facilitate the exercise of such rights and remedies. Agent and the Lenders shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which, respectively, either (y) the Trademarks may be located or deemed located, or (z) the Licenses were granted.

17. Binding Effect; Benefits. This Agreement shall be binding upon each of the Grantors and its successors and assigns, and shall inure to the benefit of Agent and the Lenders, and their nominees, successors and assigns. Each of the Grantors' successors and assigns shall

include, without limitation, a receiver, trustee or debtor-in-possession of or for such Grantor; provided, however that no Grantor shall voluntarily assign its obligations hereunder without the prior written consent of Agent.

18. CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

19. CONSENT TO JURISDICTION. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY U.S. FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM; PROVIDED, THAT NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY GRANTOR OR OTHER PERSON IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

20. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

21. Notices. Any written notice, consent or other communication provided for in this Agreement shall be delivered in the manner and to the address set forth in the Credit Agreement.

22. Section Headings. The section headings herein are for convenience of reference only and shall not affect in any way the interpretation of any of the provisions hereof.

23. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of a manually executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile shall also

deliver a manually executed counterpart of this Agreement, but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

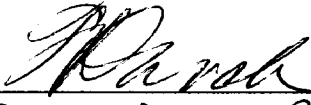
24. Right of Recordal of Security Interest. Agent shall have the right, but not the obligation, at the expense of the Grantors, to record this Agreement in the United States Patent and Trademark Office and with such other recording authorities deemed reasonable and proper by Agent, and Agent shall advise the Grantors of such recordals. Upon satisfaction in full of the Obligations and termination of the Credit Agreement, the Grantors shall have the right to effect recordal of such satisfaction or termination at the expense of the Grantors in the United States Patent and Trademark Office and with such other recording authorities deemed reasonable and proper by the Grantors. Agent and the Grantors shall cooperate to effect all such recordals hereunder.

**[SIGNATURE PAGE FOLLOWS]**

*Signature Page to Trademark and License Security Agreement*

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

**QST INDUSTRIES, INC.**

By:   
Its: Thomas Darch, President

*Signature Page to Trademark and License Security Agreement*

**AGENT:**

BANK ONE, NA, as Agent

By: David E. Lee  
Name: David E. Lee  
Title: First Vice President

***Signature Page to Trademark and License Security Agreement***

Signature page for the Trademark and License Security Agreement dated as of \_\_\_\_\_, 2004 (the "Agreement"), among BANK ONE, NA, as Agent for certain Lenders (as defined therein), QST Industries, Inc., a Delaware corporation and any other persons or entities that from time to time become a party thereto pursuant to the provisions of Section 5 thereof; capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Agreement.

The undersigned is executing a counterpart of this Agreement for purposes of becoming a party to this Agreement (and attached to this signature page are supplements to the Schedules to the Agreement setting forth all relevant information with respect to the undersigned). The undersigned hereby agrees that this Signature Page may be attached to the Agreement, that it shall be bound by all of the terms of the Agreement and that the Trademarks, Licenses and other Collateral described on the supplements attached to this Signature Page shall be deemed part of the Collateral under the Agreement securing the Obligations (as defined in the Credit Agreement). Without limiting the generality of the foregoing, pursuant to Section 2 of the Agreement, the undersigned hereby grants to Agent for its benefit and the ratable benefit of the Lenders, a first priority security interest, having priority over all other security interests, with power of sale (to the extent permitted by applicable law) in all of undersigned's interest in now owned or existing and hereafter acquired or arising Collateral to secure all Obligations.

[ADDITIONAL GRANTOR]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE A**

**to Trademark and License Security Agreement**

**TRADEMARKS**

See Attached

- U.S. TRADEMARK REGISTRATIONS -

TRADEMARK	CLASS	REGIST. #	REGIST. DATE	EXP. DATE
BAN-ROL	24	0768236	14-APR-1964	14-APR-2004
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POLY-ASTRO	24	2777942	28-OCT-2003	28-OCT-2013
POLYMESH PLUS	24	76413049	(pending)	---
POLY-SLIM	24	1269265	06-MAR-1984	06-MAR-2004
POLYTAB	24	1286070	17-JUL-1984	17-JUL-2004
Q-LOOP	17	1827469	22-MAR-1994	22-MAR-2004
QST	7	1811873	21-DEC-1993	21-DEC-2003
QST (stylized form)	24	0953726	20-FEB-1973	20-FEB-2013
QST w/ellipse design	7, 17, 24	2542350	26-FEB-2002	26-FEB-2012
QUICK-STRETCH	24	2027646	31-DEC-1996	31-DEC-2006
SAPPHIRE	24	1346275	02-JUL-1985	02-JUL-2005
SIGNATURE	24	1257622	15-NOV-1983	15-NOV-2003
VENICE	24	1312397	01-JAN-1985	01-JAN-2005
WEARTUFF	24	1421132	16-DEC-1986	16-DEC-2006
XL1000	24	1305068	13-NOV-1984	13-NOV-2004
XL2000	24	1305067	13-NOV-1984	13-NOV-2004
XL91	24	1379222	21-JAN-1986	21-JAN-2006



## **SCHEDULE B**

### **to Trademark and License Security Agreement**

#### **LICENSES**

Sublicense Agreement and Distributor Agreement, by and between Freudenberg Nonwovens Limited Partnership, a Massachusetts limited partnership, and QST Industries, Inc., dated March 1, 2004, with respect to the Vilene interlinings, and within the territory of the United States and several Caribbean Island countries.

Distributor Agreement, by and between Freudenberg Nonwovens Limited Partnership, a Massachusetts limited partnership, and QST Industrias de Mexico S. de R.L. de C.V., dated November 1, 2002, with respect to the Vilene interlinings, and within the territory of Mexico.