

10-11-2005



10/11/05

103032251

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Strategic Materials, Inc.

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

Citizenship (see guidelines) Delaware

Execution Date(s) September 30, 2005

Additional names of conveying parties attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Internal Inc., as Agent

Address: 16th Floor

Street Address: 222 N. LaSalle Street

City: Chicago

State: Illinois

Country: U. S. A. Zip: 60601

- Association Citizenship
- General Partnership Citizenship
- Limited Partnership Citizenship
- Corporation Citizenship Delaware
- Other Citizenship

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See continuation of item 4 attached hereto. Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Linda R. Kastner

Internal Address: c/o Latham & Watkins

Street Address: 233 South Wacker Drive

City: Chicago

State: Illinois Zip: 60606

Phone Number: (312) 876-7628

Fax Number: (312) 993-9767

Email Address: Linda.Kastner@LW.com

6. Total number of applications and registrations involved:

5

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$140.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____ Expiration Date _____

b. Deposit Account Number _____ Authorized User Name _____

9. Signature:

Linda R. Kastner
Signature

October 6, 2005
Date

10/12/2005 DBYRNE 00000138-210604

01 FC:5521
02 FC:5522
03 FC:5523

Linda R. Kastner
Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 9

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

CONTINUATION OF ITEM 2

Name and address of additional receiving party:

**Merrill Lynch Capital Canada Inc., as Canadian Agent
222 North LaSalle Street
16th Floor
Chicago, IL 60601**

Type of organization: Ontario corporation

Continuation of Item 4

U.S. REGISTRATION NOS

2,184,411
1,989,146
2,232,573
2,247,241
2,583,115

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 30th day of September, 2005 by Strategic Materials, Inc., a Delaware corporation ("Grantor") in favor of Merrill Lynch Capital Canada ("Canadian Agent"), in its capacity as Canadian Agent, and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., ("Administrative Agent") in its capacity as Agent for the Lenders party to the Credit Agreement (defined below) (Canadian Agent and Administrative Agent are sometimes collectively referred to herein as the "Grantees" and individually as a "Grantee"):

WITNESSETH

WHEREAS, NexCycle SMI Holding Corp., a Delaware corporation ("US Borrower") and NexCycle Canada Ltd., an Ontario corporation ("Canadian Borrower") (US Borrower and Canadian Borrower are collectively referred to herein as the "Borrowers" and individually as a "Borrower"), the other persons designated as "Credit Parties" on the signature pages thereof, the Lenders party thereto and Grantees are parties to a certain Credit Agreement of even date herewith (as the same may be amended or otherwise modified from time to time, the "Credit Agreement") providing for the extensions of credit to be made to Borrowers by Lenders;

WHEREAS, pursuant to the terms of a certain Security Agreement of even date herewith between Grantor and Grantees (as the same may be amended or otherwise modified from time to time, the "Security Agreement"), Grantor has granted to Grantees, for the benefit of Lenders, a security interest in substantially all of the assets of Grantor including all right, title and interest of Grantor in, to and under all now owned and hereafter acquired Trademarks (as defined in the Security Agreement), together with the goodwill of the business symbolized by Grantor's Trademarks, and all products and proceeds thereof, to secure the payment of all amounts owing by Borrowers under the Credit Agreement;

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

1. Incorporation of Credit Agreement and Security Agreement. The Credit Agreement and Security Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the payment of the Obligations, Grantor hereby grants to Grantees, for their benefit and the benefit of Lenders, and hereby reaffirms its prior grant pursuant to the Security Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created, acquired or arising:

(i) each Trademark listed on Schedule A annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

(ii) all products and proceeds of the forgoing, including without limitation, any claim by Grantor against third parties for past, present or future (a) infringement or dilution of any Trademark, or (b) injury to the goodwill associated with any Trademark.

[signature page follows]

IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

STRATEGIC MATERIALS, INC.

By: Allan Goertz
Its: Vice President

Agreed and Accepted
As of the Date First Written Above

MERRILL LYNCH CAPITAL, a division of
Merrill Lynch Business Financial Services Inc.,
as Agent

By: _____
Its: _____

MERRILL LYNCH CAPITAL CANADA INC.,
as Canadian Agent

By: _____
Its: _____

[Signature Page to Trademark Security Agreement]

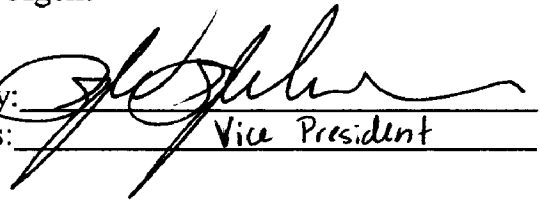
IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

STRATEGIC MATERIALS, INC.

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

MERRILL LYNCH CAPITAL, a division of
Merrill Lynch Business Financial Services Inc.,
as Agent

By:  _____
Its: Vice President

MERRILL LYNCH CAPITAL CANADA INC.,
as Canadian Agent

By: _____
Its: _____

[Signature Page to Trademark Security Agreement]

IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

STRATEGIC MATERIALS, INC.

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

MERRILL LYNCH CAPITAL, a division of
Merrill Lynch Business Financial Services Inc.,
as Agent

By: _____
Its: _____

MERRILL LYNCH CAPITAL CANADA INC.,
as Canadian Agent

By: _____
Its: _____

Susan Rimmer
Vice President

Merrill Lynch Capital Canada

[Signature Page to Trademark Security Agreement]

SCHEDULE A

Strategic Materials, Inc.

TRADEMARK REGISTRATIONS

<u>Trademark Description</u>	<u>U.S. Registration No.</u>	<u>Date Registered</u>
STRATEGIC MATERIALS	2,184,411	08/25/1998
WHITEBLAST	1,989,146	07/23/1996
“globe with S puzzle design” (SMI logo)	2,232,573	03/16/1999
GLASS ROOTS	2,247,241	05/25/1999
STRATA-BLAST	2,583,115	06/18/2002

TRADEMARK APPLICATIONS

None.