

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	RELEASE BY SECURED PARTY

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Merrill Lynch Business Financial Services Inc.		04/18/2006	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	MDK, Inc.
Street Address:	6909 Dodson's Crossroads
City:	Hillsborough
State/Country:	NORTH CAROLINA
Postal Code:	27278
Entity Type:	CORPORATION: NORTH CAROLINA

PROPERTY NUMBERS Total: 14

Property Type	Number	Word Mark
Registration Number:	1822964	THE HEAVYWEIGHTS
Registration Number:	2395928	IT'S A SNAP
Registration Number:	1188761	K-LINE
Registration Number:	1189492	K-LINEVILLE
Registration Number:	2286850	REAL SOUNDS
Registration Number:	2290241	SHADOW RAIL
Registration Number:	1922230	SPECIAL ADDITION
Registration Number:	2171451	STREAMLIGHTING
Registration Number:	2192312	SUPER "K"
Registration Number:	2381340	SUPERSNAP
Registration Number:	2402046	SUPER STEAM
Registration Number:	1703496	HEAVY HAULER
Registration Number:	2859236	K

CH \$365.00 1822964

Registration Number:

3044481

MDK

CORRESPONDENCE DATA

Fax Number: (713)615-5243

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 713-758-4730

Email: iptldocket@velaw.com

Correspondent Name: Cindy Y. Lee

Address Line 1: 1001 Fannin St., Suite 2300

Address Line 2: Vinson & Elkins L.L.P., First City Tower

Address Line 4: Houston, TEXAS 77002-6760

ATTORNEY DOCKET NUMBER:

SAN069/64001

NAME OF SUBMITTER:

Jessica Greeney, Paralegal

Signature:

/Jessica Greeney/

Date:

05/10/2006

Total Attachments: 2

source=Security Interest MDK#page1.tif

source=Security Interest MDK#page2.tif

**RELEASE OF SECURITY INTEREST
IN INTELLECTUAL PROPERTY**

WHEREAS, pursuant to (i) the Term Loan and Security Agreement, dated February 24, 2004 (the "*Term Loan Agreement*") by and among MDK, INC. ("*Grantor*"), in favor of MERRILL LYNCH BUSINESS FINANCIAL SERVICES INC. ("*Lender*"), (ii) the WCMA Loan and Security Agreement No. 7WD-07597, dated February 24, 2004 (the "*WCMA Loan Agreement*"), by and among Grantor in favor of Lender, and (iii) the Trademark Mortgage, dated March 8, 2004 (the "*Trademark Mortgage*"), by and among Grantor in favor of Lender, Grantor pledged and granted to Lender a security interest in all of Grantor's right, title and interest in, to and under all of Grantor's Trademarks (as defined in the Term Loan Agreement) and the Collateral (as defined in the Trademark Mortgage), including, without limitation, the trademark applications and trademark registrations listed on Exhibits A attached hereto (collectively, the "*Trademark Collateral*");

WHEREAS, the Term Loan Agreement, the WCMA Loan Agreement and/or the Trademark Mortgage are collectively referred to herein as the "*Trademark Loan Agreements*";

WHEREAS, the Trademark Loan Agreements were recorded in favor of Lender with the United States Patent and Trademark Office on April 1, 2004, at Reel/Frame 002822/0071;

WHEREAS, pursuant to the Supplemental Order to Facilitate the Sale of Assets of Debtor to Sanda Kan Industrial (1981) Ltd. or its Designee Free and Clear of All Liens, Claims and Other Encumbrances, and Other Relief issued by the United States Bankruptcy Court for the Eastern District of North Carolina, Raleigh Division, dated April 14, 2006, issued in *In re MDK, Inc. d/b/a K-Line Trains*, Case No. 05-03510-5-ATS (the "*Sale Order*"), Lender wishes to release its security interest in and to the Trademark Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender hereby releases its security interest in and to the Trademark Collateral in accordance with the Sale Order.

IN WITNESS WHEREOF, Lender has caused this release to be executed by its duly authorized representative on this 18th day of April, 2006.

MERRILL LYNCH BUSINESS FINANCIAL SERVICES INC.

By: Carl A. Bruck

Name: CATHERINE L. BRUCK

Title: VICE PRESIDENT

Agreed and accepted by:
MDK, INC.

By: Bradley B. Warren

Name: BRADLEY B. WARREN

Title: CHIEF RESTRUCTURING OFFICER

Exhibit A
Trademarks

MARK	SERIAL NO.	REGISTRATION NO.
HEAVYWEIGHTS	74/385609	1822964
IT'S A SNAP	75/855758	2395928
K-LINE	73/206488	1188761
K-LINEVILLE	73/297880	1189492
REAL SOUNDS	75/598123	2286850
SHADOW RAIL	75/562943	2290241
SPECIAL ADDITION	74/588823	1922230
STREAMLIGHTING	74/346911	2171451
SUPER "K"	75/358438	2192312
SUPERSNAP	75/804983	2381340
SUPER STEAM	75/857200	2402046
HEAVY HAULER	74/201345	1703496
K (Stylized)	76/142440	2859236
MDK	78/343886	3044481

NYC: 177602