

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is dated as of May 2, 2006, made by CAROUSEL INDUSTRIES OF NORTH AMERICA, INC. a Rhode Island Corporation having a principal place of business located at 1174 Kingstown Road, S. Kingstown, Rhode Island 02879 (the "Pledgor") in favor of The Washington Trust Company, a Rhode Island bank with a place of business at 236 Centerville Road, Warwick, Rhode Island 02886 (the "Lender"). The Lender is herein referred to from time to time as the "Secured Party".

PRELIMINARY STATEMENTS

(1) Pledgor is sometimes referred to herein as the "Borrower".

(2) The Lender and the Borrower are parties to a certain Loan Agreement dated Loan Agreement dated July 23, 2004, amended by a First Amendment to Loan Agreement dated July 11, 2005, as amended by a Second Amendment to Loan Agreement dated December 23, 2005, and further amended by a Third Amendment to Loan Agreement dated May 2, 2006 (as amended, the "Loan Agreement").

(3) It is a condition precedent to the Lender's willingness to enter into the Loan Agreement and the continued extension of credit by the Lender under the Loan Agreement that Pledgor shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

(4) Pledgor is the owner of the Pledged Collateral (as defined herein).

(5) This Agreement is given by Pledgor in favor of the Lender to secure the payment and performance of all of the Secured Obligations (as defined in Section 2).

NOW, THEREFORE, in consideration of the premises and in order to induce the Lender to enter into the Amendment and to continue to make extensions of credit under the Loan Agreement, the Pledgor hereby agrees with the Lender as follows:

SECTION 1. Pledge. Pledgor hereby assigns, pledges and grants to the Lender a continuing first priority security interest in all of Pledgor's right, title and interest in and to the following, whether now owned or hereafter acquired and all proceeds thereof (collectively, the "Pledged Collateral"):

(a) all copyrights, whether statutory or common law, and whether or not the underlying works of authorship have been published, and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, and any renewals or extensions thereof, including, without limitation, (i) the right to reproduce, prepare derivative works, distribute copies, perform or display any of the foregoing, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other 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 payment for past or future infringements thereof), and (iv) all rights whatsoever of Pledgor accruing thereunder or pertaining thereto (the "Copyrights");

(b) each patent, patent application and patentable invention, including, without limitation, (i) all inventions and improvements described and claimed therein, and patentable inventions, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other 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 thereof), and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of Pledgor accruing thereunder or pertaining thereto (the "Patents"); and

(c) all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademarks and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or Statement of Use under Section 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified in Schedule I attached hereto and made a part hereof, and including without limitation (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (ii) all income, royalties, damages and other 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 thereof), and (iii) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of Pledgor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by , each such trademark, service mark, trade name, trade dress or other indicia of trade origin (the "Trademarks"); and

(d) all license agreements with any other Person in connection with any of the Pledged Collateral, or such other Person's Patents, Trademarks, Copyrights or works of authorship, or other intellectual property, whether Pledgor is a licensor or licensee under any such license agreement, subject in each case, to the terms of such license agreements, including, without limitation, terms requiring consent to a grant of a security interest, and any right to prepare for sale, sell and advertise for sale, all inventory now or hereafter owned by the Pledgor and now or hereafter covered by any such licenses (the "Licenses").

SECTION 2. Security for Obligations. The assignment and pledge of and grant of a security interest in the Pledged Collateral by Pledgor pursuant to this Agreement secures the payment of all now owed and hereafter arising obligations of the Pledgor to the Secured Party, whether for principal, interest, fees, expenses or otherwise including, without limitation, all obligations under Pledgor's Amended and Restated Secured Promissory Note in the amount of \$8,000,000.00 of even date herewith and Pledgor's Promissory Note in the principal amount of \$2,000,000.00 dated July 11, 2005, (all such obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by Borrower to the Lender under the Loan Agreement, as amended, and under the loan documents executed in connection therewith but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Pledgor.

SECTION 3. Pledgor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Pledgor shall remain liable under the contracts and agreements included in the Pledged Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as of this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release Pledgor from any of its duties or obligations under the contracts and agreements included in the Pledged Collateral and (c) the Lender shall not have any obligations or liability under the contracts and agreements included in the Pledged Collateral by reason of this Agreement, nor shall the Lender be obligated to perform any of the

obligations or duties of Pledgor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. Pledgor represents and warrants as to itself and its Pledged Collateral as follows:

(a) Pledgor is the sole, legal and beneficial owner of the entire right, title and interest in and to the Pledged Collateral registrations and applications set forth in Schedule I hereto as being the property of the Pledgor free and clear of any Lien, except for the security interest created by this Agreement. No security agreement, effective financing statement or other instrument similar in effect covering all or any part of the Pledged Collateral, that has not been terminated or released (or that will not be terminated or released in connection with the closing (the "Closing") of the transactions contemplated by the Loan Agreement, as amended), is on file in any recording office (including, without limitation), the United States Patent and Trademark Office and the United States Copyright Office), except such as may have been filed in favor of the Lender relating to this agreement or any other such statement under the Uniform Commercial Code or the filing of any document or notice similar in effect, that has not been released or terminated (or that will not be terminated or released in connection with the Closing), with the United States Patent and Trademark Office and United States Copyright Office covering all or any part of the Pledged Collateral other than as contemplated hereby and thereby.

(b) Set forth in Schedule I is a complete and accurate list of all Pledged Collateral and Pledged Collateral registrations and applications owned by the Pledgor. Pledgor has made (and will make) all necessary filing and recordations to protect and maintain its interest in the Pledged Collateral and the Pledged Collateral registrations and applications set forth in Schedule I, including, without limitation, all necessary filings and recordings in the United States Patent and Trademark Office and United States Copyright Office. Set forth in Schedule II opposite the name of Pledgor is a complete and accurate list of material Licenses owned by Pledgor in which Pledgor is (i) a licensor or (ii) a licensee, and Schedule II specifies whether Pledgor is a licensee or licensor under each such license.

(c) Each item of Pledged Collateral and Pledged Collateral registration and application of Pledgor set forth in Schedule I is subsisting and has not been adjudged invalid, unregistered or unenforceable, in whole or in part, and to the best of Pledgor's knowledge, is valid, subsisting, registerable and enforceable. Each License of Pledgor identified in Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in

whole or in part, and, to the best of Pledgor's knowledge, is valid and enforceable. Pledgor has notified the Lender in writing of all uses of any item of Pledged Collateral of which Pledgor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized used by third parties.

(d) Pledgor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Pledged Collateral that has not been terminated or released, except as will be terminated or released in connection with the Closing. Pledgor has not granted any license (other than those listed on Schedule II hereto), shop right, release, covenant not to sue, or non-assertion assurance to any person, firm or entity ("Persons") with respect to any part of the Pledged Collateral.

(e) No consent of any other Person and no authorization, approval or other action by, and no notice of filing with, any governmental authority or regulatory body or other third party in the United States is required either (A) for the grant by Pledgor of the security interest granted hereby for the execution, delivery or performance of this Agreement by Pledgor, (B) for the perfection or maintenance of the pledged and security interest created hereby (including the first priority nature of such pledge or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code and filings with the United States Patent and Trademark Office and the United States Copyright Office, or (C) for the exercise by the Lender of its rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement.

(f) Except for the licenses listed on Schedule II hereto, Pledgor has no knowledge of the existence of any right or any claim that is likely to be made under any item of Pledged Collateral contained on Schedule I.

(g) No claim has been made and is continuing or threatened that the use by Pledgor of any item of Pledged Collateral is invalid or unenforceable or that the use by Pledgor of any item of Copyright Collateral does or may violate the rights of any Person, except claims, uses and infringements that will not result in a material adverse effect on the business, finances or operations of Pledgor or the Collateral. To the best of Pledgor's knowledge, there is currently no infringement or unauthorized use of any material item of Pledged Collateral contained on Schedule I.

(h) Pledgor has no knowledge of the existence of any Pledged Collateral registration or license agreement held or claimed by any other Person that would preclude Pledgor from distributing, marketing, selling or providing any product sold or provided by it, as the case may be, under or in

connection with any material part of the Pledged Collateral (except, in each case, to the extent that Pledgor has granted an exclusive license to another Person), or that would materially interfere with the ability of Pledgor to carry on its business as currently carried on, and Pledgor has no knowledge of any such claim that is likely to be made that if upheld would preclude or materially interfere with the ability to Pledgor to carry on its business as currently carried on, and Pledgor has no knowledge of any claim that is likely to be made that if upheld would preclude or materially interfere with the business of Pledgor as currently carried on under any of the Pledged Collateral.

SECTION 5. Further Assurances.

(a) Pledgor agrees that from time to time, at the reasonable expense of Pledgor, Pledgor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Lender may reasonably request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any part of the Pledged Collateral. Without limiting the generality of the foregoing, Pledgor will execute and file such financing or continuation statements, or amendments thereto, or as the Lender may reasonably request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(b) Pledgor hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Pledged Collateral without the signature of Pledgor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Pledged Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Pledgor will furnish to the Lender from time to time (but not more frequently than once in any quarter, unless an Event of Default shall have occurred and be continuing) statements and schedules further identifying and describing the Pledged Collateral and such other reports in connection with the Pledged Collateral as the Lender may reasonably request, all in reasonable detail.

(d) Pledgor agrees that, should it obtain an ownership interest in any patent, trademark or copyright which is material to its business, or a Pledged Collateral registration, application or license which is not now a part of the Pledged Collateral, (i) the provisions of Section 1 shall automatically apply thereto, (ii) any such item of Pledged Collateral or Pledged Collateral registration, application or license shall automatically become part of the

Pledged Collateral, and (iii) with respect to any ownership interest in any such copyright, copyright registration, copyright application or copyright license that Pledgor should obtain, it shall give prompt written notice thereof to the Lender in accordance with Section 13 hereof. Pledgor authorizes the Lender to modify this Agreement by amending Schedule I and II (and will cooperate reasonably with the Lender in effecting any such amendment) to include any Pledged Collateral, Pledged Collateral registration, application or license which becomes part of the Pledged Collateral under this Section.

(e) With respect to each item of Pledged Collateral and Pledged Collateral registration, application and license, Pledgor agrees to take all necessary steps, including, without limitation, in the United States Trademark and Patent Office and the United States Copyright Office or in any court, to (i) maintain each item of such Pledged Collateral registration, and license, and (ii) pursue each such application, now or hereafter included in the Pledged Collateral, except where a failure to do any of the foregoing will not result in a material adverse effect on the business, finances or operations of Pledgor or the acquired item of Pledged Collateral material to Pledgor's business, and each Pledged Collateral registration, application or license which is now or later becomes entitled, except where failure to do any of the foregoing will not result in a material adverse effect on the business, finances or operations of Pledgor or the Collateral. Pledgor shall not abandon any right to file any Pledged Collateral application, or abandon any Pledged Collateral registration application or Pledged Collateral, without the written consent of the Lender, unless the loss thereof will not result in a material adverse effect on the business, finances or operations of Pledgor or the Collateral.

(f) Pledgor agrees to notify the Lender promptly and in writing if it liens (i) that any item of the Pledged Collateral contained on Schedule I has become abandoned or dedicated or (ii) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Trademark and Patent Office and the United States Copyright Office or any court) regarding any material item of the Pledged Collateral.

(g) In the event that Pledgor becomes aware that any item of the Pledged Collateral is infringed or misappropriated by a third party, Pledgor shall promptly notify the Lender and shall take such actions as Pledgor reasonably deems appropriate under the circumstances to protect such Pledged Collateral, including, without limitation, suing for infringement or misappropriation. Any reasonable expense incurred in connection with such activities shall be born by Pledgor.

(h) Pledgor shall continue to use proper statutory notice in connection with its copyright registrations contained in Schedule I (to the extent it deems reasonable in its best business judgment).

SECTION 6. Transfers and Other Liens. Pledgor shall not (a) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any item of the Pledged Collateral, or (b) created or suffer to exist any lien upon or with respect to any of the Pledged Collateral except for the pledge, assignment, and security interest created by this Agreement.

SECTION 7. Lender Appointed Attorney-in-Fact. Pledgor hereby irrevocably appoints the Lender as Pledgor's attorney-in-fact, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, from time to time in the Lender's discretion, after the occurrence of an Event of Default as defined in the Loan Agreement, as amended, to take any action and to execute any instrument that the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give a quittance and receipts for moneys due and to become due under or in respect of any of the Pledged Collateral.

(b) to receive, indorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Lender may deem necessary or desirable for the collection of any payments relating to any of the Pledged Collateral or otherwise to enforce the rights of the Lender with respect to any of the Pledged Collateral.

To the extent permitted by law, Pledgor hereby ratifies all that the Lender shall lawfully do or cause to be done as attorney-in-fact for Pledgor. This power of attorney is a power coupled with an interest and is irrevocable.

SECTION 8. The Lender May Perform. If Pledgor fails to perform any agreement contained herein, after expiration of any applicable grace period, the Lender may itself perform, or cause performance of, such agreement after reasonable notice to Pledgor to the extent practicable, and the expenses of the Lender incurred in connection therewith shall be payable by Pledgor under Section 11.

SECTION 9. The Lender's Duties. The powers conferred on the Lender hereunder are solely to protect its interest in the Pledged Collateral and shall not impose any duty upon the Lender to exercise any such powers. Except for

the safe custody of any Pledged Collateral in the Possession and the accounting for any moneys actually received by it hereunder, the Lender shall have no duty as to any Pledged Collateral or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Pledged Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equal to that which the Lender accords its own property.

SECTION 10. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Lender may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it and to the fullest extent permitted by law, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of Rhode Island at such time (the "RI Uniform Commercial Code") (whether or not the RI Uniform Commercial Code applies to the affected Pledged Collateral) and also may (i) require Pledgor to, and Pledgor hereby agrees that it will, at its expense and upon request of the Lender forthwith, assemble all or part of the documents and things embodying the Pledged Collateral as directed by the Lender and make them available to the Lender at a place to be designated by the Lender, (ii) occupy any premises owned or leased by Pledgor where documents and things embodying the Pledged Collateral or any part thereof are assembled for a reasonable period in order to effectuate the Lender's rights and remedies hereunder or under law without obligation to Pledgor in respect of such occupation, and (iii) without notice as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. In the event of any sale, assignment or any disposition of the Pledged Collateral, Pledgor shall supply to the Lender or its designee Pledgor's know-how and expertise, and documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Pledged Collateral subject to such disposition, and Pledgor's customer lists and other records and documents relating to Pledged Collateral and to the manufacture, distribution, advertising and sale of such products and services. Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to Pledgor to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and

place fixed therefore, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Lender in respect of any sale of, collection from, or other realization upon all or any part of, the Pledged Collateral shall be applied against the Secured Obligations.

(c) The Lender may exercise any and all rights and remedies of Pledgor under or otherwise in respect of the Pledged Collateral.

(d) All payments received by the Pledgor under or in connection with any of the Pledged Collateral shall be received in trust for the benefit of the Lender, shall be segregated from other funds of Pledgor and shall be forthwith paid over to the Lender in the same form as so received (with any necessary endorsement).

SECTION 11. Indemnity and Expenses.

(a) Pledgor agrees to indemnify the Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Lender's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) Pledgor will upon demand pay to the Lender the amount of any and all reasonable expenses, including, the reasonable fees and expenses of its counsel and of any experts and agents, that the Lender may incur in connection with (i) the administration of the Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Pledged Collateral, (iii) the exercise or enforcement of any of the rights of the Lender hereunder or (iv) the failure by Pledgor to perform or observe any of the provisions hereof.

SECTION 12. Amendments Waivers, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by Pledgor from the terms and conditions hereof, shall in any event be effective unless the same shall be in writing and signed by the Lender and, in the case of an amendment, by Pledgor and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Lender to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

SECTION 13. Addressees for Notices. All notices and other communications provided for hereunder shall be in writing, and shall be given and shall be effective as set forth in the Loan Agreement.

SECTION 14. Continuing Security Interest, Etc. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) remain in full force and effect until the later of the indefeasible payment in full in of all of the Secured Obligations, the termination of the Loan Agreement in accordance with the terms thereof, and the termination of Lender's obligations to provide additional credit thereunder, (b) be binding upon the Pledgor, its successors and assigns, and (c) inure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender, and its respective successors, transferees and assigns.

SECTION 15. This Agreement may be executed in any number of counterparts and by different parties to this Agreement on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same Agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

SECTION 16. Terms. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF RHODE ISLAND.

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IN WITNESS WHEREOF, the parties here to have caused this Agreement to be executed and delivered under seal of the date first above written.

WITNESS:

CAROUSEL INDUSTRIES OF NORTH AMERICA, INC.

[Signature]

By: Richard A. Proulx
Name: Richard A. Proulx
Title: Chief Financial Officer

STATE OF RHODE ISLAND
COUNTY OF Providence

In Providence, Rhode Island on the 1st day of May, 2006, before me personally appeared R.A. Proulx to me known and known by me to be the Chief Financial Officer of Carousel Industries of North America, Inc., and the party executing the foregoing instrument for and on behalf of Carousel Industries of North America, Inc. and he/she acknowledged said instrument by him/her executed to be his/her free act and deed, his/her free act and deed as aforesaid and the free act and deed of Carousel Industries of North America, Inc.

[Signature]
NOTARY PUBLIC
My commission expires: 6/25/07

Agreed and consented to as of the date first above written:

THE WASHINGTON TRUST COMPANY

By: Joseph M. Confessore
Name: Joseph M. Confessore
Title: V.P.


SCHEDULE II

NONE

SCHEDULE I

PLEDGED COLLATERAL

TRADEMARKS

| Serial Number | Registration Number/Date | Word/Mark | Live/Dead Indicator |
|---------------|--------------------------|--|---------------------|
| 76324710 | 2699667/May 25, 2003 | NICOM | LIVE |
| 76324945 | 2699670/ May 25, 2003 |  | LIVE |