

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
FOSS MANUFACTURING COMPANY, LLC		05/05/2006	LIMITED LIABILITY COMPANY: DELAWARE
FOSS MANUFACTURING COMPANY, LLC		05/05/2006	LIMITED LIABILITY COMPANY: NEVADA

RECEIVING PARTY DATA

Name:	CapitalSource Finance LLC
Street Address:	4445 Willard Avenue
City:	Chicago
State/Country:	MARYLAND
Postal Code:	20815
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE

PROPERTY NUMBERS Total: 32

Property Type	Number	Word Mark
Serial Number:	73024213	FOSSTRETCH
Serial Number:	73553517	HONOR ROLL
Serial Number:	73567415	TOUGHRIDER
Serial Number:	73644995	STYTHERM
Serial Number:	73644996	STYPLAST
Serial Number:	73644616	ECONOPAK
Serial Number:	73708810	HAWK II
Serial Number:	74215192	SAFARI FELT
Serial Number:	74216349	RAINBOW FELT
Serial Number:	74225260	PRESTO-PADS
Serial Number:	74214490	RAINBOW CRAFT FUR PLUSH
Serial Number:	74339087	ENVIRO-MAT

CH \$815.00 73024213

Serial Number:	74341375	RAINBOW FELT STICK-ONS
Serial Number:	74526774	SSOFTHERM
Serial Number:	75252284	KREATIVE KANVAS
Serial Number:	74682286	THERMOZITE
Serial Number:	75362317	FOSS-DURALAST
Serial Number:	75366732	DURALAST
Serial Number:	75360629	SOLARGUARD SERIES
Serial Number:	75492844	KAFIO
Serial Number:	75472871	CLASSIC IMPRESSIONS
Serial Number:	75385774	TEXTILE SPECIALISTS SINCE 1864 OZITE
Serial Number:	75531412	KID'S PACK
Serial Number:	75360886	SOLEMATE
Serial Number:	76179417	OZITE GRILL MAT
Serial Number:	76029981	SNOW FELT
Serial Number:	76029982	FLASH FELT
Serial Number:	76516756	FOSS
Serial Number:	76453003	FOSSHIELD
Serial Number:	76453004	FOSSHIELD
Serial Number:	75945314	DURALAST
Serial Number:	76630277	KUNIN FELTED WOOL

CORRESPONDENCE DATA

Fax Number: (312)577-4782
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 312.577.8525
Email: terese.scholl@kattenlaw.com
Correspondent Name: KATTEN MUCHIN ROSENMAN
Address Line 1: 525 WEST MONROE STREET
Address Line 4: Chicago, ILLINOIS 60661

NAME OF SUBMITTER:	Terese Scholl
Signature:	/Terese Scholl/
Date:	07/18/2006

Total Attachments: 10
source=Foss IP Security Agreement#page1.tif
source=Foss IP Security Agreement#page2.tif
source=Foss IP Security Agreement#page3.tif

source=Foss IP Security Agreement#page4.tif
source=Foss IP Security Agreement#page5.tif
source=Foss IP Security Agreement#page6.tif
source=Foss IP Security Agreement#page7.tif
source=Foss IP Security Agreement#page8.tif
source=Foss IP Security Agreement#page9.tif
source=Foss IP Security Agreement#page10.tif

INTELLECTUAL PROPERTY SECURITY AGREEMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT AND COLLATERAL ASSIGNMENT, dated as of May 5, 2006, effective April 30, 2006 (this "**Agreement**"), made by **FOSS MANUFACTURING COMPANY, LLC**, a Nevada limited liability company ("**Grantor**") in favor of **CAPITALSOURCE FINANCE LLC**, a Delaware limited liability company ("**Lender**").

W I T N E S S E T H:

WHEREAS, Grantor and Lender are parties to a certain Revolving Credit, Term Loan and Security Agreement dated as of April 7, 2006 (as the same may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "**Credit Agreement**"), providing for extensions of credit to be made to Grantor by Lender; and

WHEREAS, pursuant to that certain Credit Agreement, Grantor has granted a security interest to Lender, in, among other things, all right, title and interest of Grantor in, to and under all of the Grantor's Intellectual Property (as defined below), whether now existing or hereafter arising or acquired as security for the Obligations from time to time owing by Grantor under the Credit Agreement; and

WHEREAS, Grantor is the owner of the entire right, title and interest in, to and under the Intellectual Property listed on Schedule I hereto;

NOW, THEREFORE, in consideration of the premises and to induce Lender to enter into the Credit Agreement, Grantor hereby agrees with Lender as follows:

1. **Defined Terms.**

(a) **Definitions.** Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

(b) **Definitions of Certain Terms Used Herein.** As used herein, the following terms shall have the following meanings:

"**Copyright Licenses**" shall mean any and all rights now owned or hereafter acquired by Grantor under any written agreement granting any right to use any Copyright or Copyright registration.

"**Credit Agreement**" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"**Intellectual Property**" shall mean all: (i) Trademarks and Trademark Licenses; (ii) Patents and Patent Licenses; (iii) Copyrights and Copyright Licenses; (iv) goodwill of the business symbolized by any Trademark, Trademark License, Patent, Patent License, Copyright or Copyright License, including, without limitation, records relating to the distribution

of products or services bearing such Trademark, Patent or Copyright; (v) all customer lists and customer information, (vi) all income, fees, royalties and other payments at any time due or payable with respect to any Trademark, Patent or Copyright, including, without limitation, payments under all Licenses at any time entered into in connection therewith; (vii) books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any Trademark, Trademark License, Patent, Patent License, Copyright or Copyright License; (viii) the right to sue for all past, present and future infringements of any Trademark, Patent or Copyright; (ix) all other intellectual property; and (x) all common law and other rights throughout the world in and to all of the foregoing.

“**IP Collateral**” shall have the meaning assigned to such term in Section 2 hereof.

“**Licenses**” shall mean, collectively, the Trademark Licenses, the Patent Licenses, and the Copyright Licenses.

“**Patent Licenses**” shall mean rights under any written agreement now owned or hereafter acquired by Grantor granting any right with respect to any invention on which a Patent is in existence.

“**Trademark Licenses**” shall mean rights under any written agreement now owned or hereafter acquired by Grantor granting any right to use any Trademark.

(c) **Other Definitional Provisions.**

(i) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section and paragraph references are to this Agreement unless otherwise specified.

(ii) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. **Grant of Security Interest.** To secure the payment and performance of the Obligations, Grantor hereby confirms and acknowledges that it has granted, assigned and conveyed (and, to the extent not previously granted under the Credit Agreement, does hereby grant, assign and convey) to Lender, a security interest in Grantor’s entire right, title and interest in its Intellectual Property and all proprietary rights relating to or arising from such Intellectual Property, in each case whether now owned or hereafter acquired by Grantor, and including, without limitation, Grantor’s right, title and interest in and to the Intellectual Property and proprietary rights identified on Schedule I attached hereto and made a part hereof, and the right to sue for past, present and future infringements and dilutions, and all rights corresponding thereto throughout the world, and the entire goodwill of Grantor’s business connected with and symbolized by the Intellectual Property and all income, fees, royalties, proceeds and other payments at any time due or payable with respect to any of the foregoing (referred to collectively as the “**IP Collateral**”).

3. **Protection of Intellectual Property by Grantor.** Grantor shall, at its sole cost, expense and risk, undertake the following with respect to the Intellectual Property that is registered or for which Grantor has filed an application for registration ("**Registered Intellectual Property**"):

(a) Pay all renewal fees and other fees and costs associated with maintaining the Registered Intellectual Property and with the processing of the Registered Intellectual Property and take all other reasonable and necessary steps to maintain each registration of the Registered Intellectual Property.

(b) Take all actions reasonably necessary to prevent any of the Registered Intellectual Property from becoming forfeited, abandoned, dedicated to the public, invalidated or impaired in any way.

(c) Pursue the prompt, diligent processing of each application for registration which is the subject of the security interest created herein and not abandon or delay any such efforts.

(d) Take any and all action which the Grantor reasonably deems appropriate under the circumstances to protect the Registered Intellectual Property from infringement, misappropriation or dilution, including, without limitation, the prosecution and defense of infringement actions.

4. **Representations and Warranties.** Grantor represents and warrants that:

(a) Schedule I is a true, correct and complete list of all Registered Intellectual Property owned by Grantor as of the date hereof.

(b) Except as set forth in Schedule I, none of the Registered Intellectual Property is the subject of any licensing or franchise agreement pursuant to which Grantor is the licensor or franchisor.

(c) The Intellectual Property is valid and enforceable and no claim has been made that the use of any of the Intellectual Property does or may violate the rights of any third person, and no material claim has been asserted and is pending by any Person challenging or questioning the use by Grantor of any of the Intellectual Property owned by Grantor or the validity or effectiveness of any of the Intellectual Property owned by Grantor, nor does Grantor know of any valid basis for any such claim.

(d) Grantor owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted, and Grantor has a valid license to use or is the sole and exclusive owner of the entire right, title and interest in, under and to, free and clear of any liens, charges and encumbrances, the Intellectual Property, other than Permitted Liens and Liens in favor of Lender.

(e) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or Grantor's rights in, any

Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect on the business or the property of Grantor.

(f) Grantor has the legal right and authority to enter into this Agreement and perform its terms.

(g) Grantor shall give Lender prompt written notice (with reasonable detail) following the occurrence of any of the following:

(i) Grantor obtaining rights to, and filing applications for registration of any new Intellectual Property, or otherwise acquiring ownership of any newly registered Intellectual Property.

(ii) Grantor becoming entitled to the benefit of any registered Intellectual Property whether as licensee or licensor.

(iii) Grantor entering into any new Licenses.

(iv) Grantor knowing or having reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal) regarding the Grantor's ownership of, or the validity of, any material Intellectual Property or Grantor's right to register the same or to own and maintain the same.

(h) Grantor shall not enter into any new Licenses except as provided for in and pursuant to the terms of the Credit Agreement.

5. **No Violation of Security Agreement.** The representations, warranties or covenants contained herein are supplemental to those representations, warranties and covenants contained in the Credit Agreement, and shall not be deemed to modify any such representation, warranty or covenant contained in the Credit Agreement.

6. **Agreement Applies to Future Intellectual Property.**

(a) The provisions of this Agreement shall automatically apply to any such additional property or rights described in Sections 4(g)(i), 4(g)(ii) and 4(g)(iii) above, all of which shall be deemed to be and treated as "Intellectual Property" within the meaning of this Agreement.

(b) Upon the reasonable request of Lender, Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as Lender may request to evidence Lender's security interest in any Intellectual Property and the goodwill of Grantor relating thereto or represented thereby (including, without limitation, filings with the United States Patent and Trademark Office or any similar office), and Grantor hereby constitutes Lender as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; *provided, however*, Lender's taking of

such action shall not be a condition to the creation or perfection of the security interest created hereby.

7. **Grantor's Rights To Enforce Intellectual Property.** Prior to Lender's giving of notice to Grantor (i) following the occurrence and during the continuance of an Event of Default or (ii) pursuant to Section 8(a) below, Grantor shall have the exclusive right to sue for past, present and future infringement of the Intellectual Property including the right to seek injunctions and/or money damages, in an effort by Grantor to protect the Intellectual Property against encroachment by third parties, *provided, however:*

(a) Grantor first provides Lender with written notice of its intention to so sue for enforcement of any Intellectual Property. If, in the reasonable opinion of Lender, Grantor has failed to take appropriate action within thirty (30) days after such notice is given to Lender, upon notice to Grantor, Lender may (but shall not be required to) itself take such action in the name of Grantor.

(b) Any money damages awarded or received by Grantor on account of such suit (or the threat of such suit) shall constitute IP Collateral.

(c) Any damages recovered in any action pursuant to this Section, net of costs and attorneys' fees reasonably incurred, to be applied as provided in the Credit Agreement.

(d) Following the occurrence and during the continuance of any Event of Default, Lender, by notice to Grantor may terminate, or limit Grantor's rights under this Section 7.

8. **Lender's Actions To Protect Intellectual Property.** In the event of:

(a) Grantor's failure, within five (5) days of written notice from Lender, to cure any failure by Grantor to observe or perform any of Grantor's covenants, agreements or other obligations hereunder; and/or

(b) the occurrence and continuance of any other Event of Default,

Lender, acting in its own name or in that of Grantor, may (but shall not be required to) act in Grantor's place and stead and/or in Lender's own right in connection therewith.

9. **Rights Upon Default.** Upon the occurrence and during the continuance of any Event of Default, Lender may exercise all rights and remedies as provided for in the Credit Agreement.

10. **Lender as Attorney In Fact.**

(a) Grantor hereby irrevocably constitutes and designates Lender as and for the Grantor's attorney in fact, effective following the occurrence and during the continuance of an Event of Default:

(i) To supplement and amend from time to time Schedule I of this Agreement to include any new or additional Intellectual Property of Grantor.

(ii) To exercise any of the rights and powers referenced herein.

(iii) To execute all such instruments, documents, and papers as Lender determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Intellectual Property.

(b) The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a duly authorized officer of Lender.

(c) Lender shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 10, but if Lender elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to Grantor for any act or omission to act except for any act or omission to act as to which there is a final determination made in a judicial proceeding (in which proceeding Lender has had an opportunity to be heard) which determination includes a specific finding that the subject act or omission to act had been grossly negligent or in actual bad faith.

11. **Lender's Rights.** Any use by Lender of the Intellectual Property, as authorized hereunder in connection with the exercise of Lender's rights and remedies under this Agreement and under the Credit Agreement shall be coextensive with Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

12. **No Limitation; Security Agreement.** This Agreement has been executed and delivered by Grantor for the purpose of recording the security interest granted to Lender with respect to the IP Collateral with the United States Patent and Trademark Office and/or the United States Copyright Office, as applicable. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to Lender under the Credit Agreement. The Credit Agreement (and all rights and remedies of Grantor, Grantor's affiliates thereunder and Lender) shall remain in full force and effect in accordance with its terms. In the event of a conflict between this Agreement and the Credit Agreement, the terms of this Agreement shall control with respect to the IP Collateral and the Credit Agreement with respect to all other Collateral.

13. **Termination; Release of Trademark Collateral.** This Agreement and all obligations of Grantor and Lender hereunder shall terminate on the date upon which the Obligations are performed in full and indefeasibly paid in full in cash and the Credit Agreement and the other Loan Documents are terminated in accordance with the terms of the Credit Agreement. Upon termination of this Agreement, Lender shall, at the expense of Grantor, take such actions required by the Credit Agreement to release its security interest in the IP Collateral.

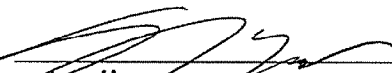
14. **Binding Effect; Benefits.** This Agreement shall be binding upon the Guarantor and its respective successors and assigns, and shall inure to the benefit of Lender and their respective successors and assigns.

15. **GOVERNING LAW.** THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MARYLAND, WITHOUT GIVING EFFECT TO ITS CHOICE OF LAW PROVISIONS.

[Remainder Of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be executed by its duly authorized representatives as of the date first above written.

FOSS MANUFACTURING COMPANY, LLC, a
Nevada limited liability company

By: 
Name: AS Nassar
Title: Managing Member

Schedule I

U.S. Copyright Registrations; Foreign Copyright Registrations; U.S. Copyright Applications; Foreign Copyright Applications; Copyright Licenses

Patents

CTY	Patent/Docket No.	Issue Date	Ser. No.	Filing Date	Short Title
US	4197343	4.8.80	930,151	8.2.78	Needle-punched laminate
US	4673615	6.16.87	817,128	1.8.86	Stiff fray resistant mat
US	4673616	6.16.87	917,807	10.10.86	Moldable latex impregn...
US	4942082	7.17.90	772,361	4.12.85	Incompatible polymer...
US	5851931	12.22.98	927,139	9.3.97	Paintable substrate ...
US	5981411	11.9.99	078,975	5.14.98	Thermoformable material
US	6613429	9.2.03	615,333	7.12.00	Method making thermo...
US	6723428	4.20.04	565,138	5.5.00	Antimicrobial fiber...
US	6946196	9.20.05	768,840	1.30.04	Antimicrobial fiber...
US	FOS-P39B		762,920	1.22.04	Antimicrobial fiber...
US	FOS-P39CON		010,546	12.13.04	Antimicrobial fiber...
US	FOS-P39DIV1		406,720	4.2.03	Antimicrobial fiber...
US	FOS-P39DIV3		772,127	2.4.04	Antimicrobial fiber...
US	FOS-P39DIV4		765,414	10.14.04	Antimicrobial fiber...
US	FOS-P39DIV5		765,255	1.27.04	Antimicrobial fiber...
US	FOS-P39DIV7		785,850	2.24.04	Antimicrobial fiber...
US	FOS-P43		665,330	9.14.03	Antimicrobial garments
US	FOS-P69		917,817	8.13.04	Flame retardant spiral...
US	FOS-P70		917,816	8.13.04	Synthetic PTFE fibers
US	FOS-P71		111,515	4.21.05	Fire retardant aircraft...
US	FOS-P74		989,961	11.16.04	Hollow antimicrobial...
US	FOS-P75		048,418	2.1.05	Antimicrobial, antifungal

Trademarks

CTY Mark	Reg No.	RegDate	Ser.No.	Filing Date	Renewal Due
US FOSSTRETCH	1015824	7.15.75	73/024,213	7.29.74	
US HONOR ROLL	1384471	2.25.86	73/553,517	8.15.85	8.25.06
US TOUGHRIDER	1415112	10.28.86	73/567,415	11.7.85	10.28.06
US STYTHERM	1463589	11.3.87	73/644995	2.17.87	11.3.07
US STYPLAST	1464617	11.10.87	73/644996	2.17.87	11.10.07
US HAWK	1464616	11.10.87	73/644616	2.17.87	11.10.07
US HAWK II	1534284	4.11.89	73/708810	2.1.88	4.11.09
US SAFARI FELT	1708263	8.18.92	74/215192	10.22.91	8.18.12
US RAINBOW FELT	1708360	8.18.92	74/216349	10.28.91	8.18.12
US PRESTO-PADS	1720368	9.29.92	74/225260	11.25.91	9.29.12
US RAINBOW	1750191	2.2.93	74/214490	10.22.91	2.2.13
CRAFT FUR (logo)					
US ENVIRO-MAT	1786846	8.10.93	74/339087	12.11.92	8.10.13
US RAINBOW FELT	1830311	4.12.04	74/341375	12.21.92	4.12.14
STICKON					
US SSOFTHERM	1982927	6.25.96	74/526774	5.20.94	6.25.06
US KREATIVE	2140802	3.3.98	75/252284	3.5.97	3.3.08
KANVAS (logo)					
US THERMOZITE	2143032	3.10.98	74/682286	5.30.95	3.10.08
US FOSS-DURALAST	2268264	8.10.99	75/362317	9.24.97	8.10.09
US DURALAST	2274949	8.31.99	75/366732	10.2.87	8.31.09
US SOLARGUARD	2305169	1.4.00	75/360629	9.22.97	1.4.10
SERIES					
US KAFIO	2310752	1.25.00	75/492844	5.28.98	1.25.10
US CLASSIC	2324934	2.29.00	75/472871	4.23.98	2.29.10
IMPRESSIONS					
US OZITE (logo)	2325180	3.7.00	75/385774	11.6.97	3.7.10
US KID'S PACK	2363382	6.27.00	75/531412	8.5.98	6.27.10
US SOLEMATE	2374152	8.8.00	75/360886	9.22.97	8.8.10
US OZITE GRILL	2644064	10.29.02	76/179417	12.13.00	10.29.12
MAT					
US SNOW FELT	2756637	8.26.03	76/029981	4.20.00	8.26.13
US FLASH FELT	2756638	8.26.03	76/029982	4.20.00	8.26.13
US FOSS	2898868	11.2.04	76/516756	5.8.03	11.2.14
US FOSSHIELD	2918372	1.18.05	76/453003	9.25.02	1.18.15
US FOSSHIELD (logo)	2918373	1.18.05	76/453004	9.25.02	1.18.15
US DURALAST	2976431	7.26.05	75/945314	2.24.00	7.26.15
US KUNIN FELTED			76/630277	2.2.05	
WOOL					