

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Connector Set Limited Partnership		07/20/2006	LIMITED PARTNERSHIP: DELAWARE

**RECEIVING PARTY DATA**

<b>Name:</b>	PNC Bank, National Association
<b>Street Address:</b>	1600 Market Street
<b>City:</b>	Philadelphia
<b>State/Country:</b>	PENNSYLVANIA
<b>Postal Code:</b>	19103
<b>Entity Type:</b>	National Association:

**PROPERTY NUMBERS Total: 33**

Property Type	Number	Word Mark
Registration Number:	1777983	K'NEX
Registration Number:	1791735	K'NEX
Registration Number:	1910766	K'NEX
Registration Number:	2021592	
Registration Number:	2105982	TURN STORY TIME INTO ADVENTURE TIME
Registration Number:	2402740	MILLENNIUM EDITION
Registration Number:	2384238	COOL MACHINES
Registration Number:	2497033	CONTROL-A-BOT
Registration Number:	2474558	KING'S PALACE
Registration Number:	2521243	MISSIONS IN SPACE
Registration Number:	2647248	SCREAMIN' SERPENT
Registration Number:	2748340	CYBER SWARM
Registration Number:	2744603	KID K'NEX

CH \$840.00 1777983

Registration Number:	2792548	BUG-EYED BUDDIES
Registration Number:	2789650	FOOTED FRIENDS
Registration Number:	2813882	ROVIN' ROLLERS
Registration Number:	2828424	RIPPIN' ROCKET ROLLER COASTER
Registration Number:	2813905	WINGS 'N WHEELS
Registration Number:	2811514	JAILBREAK JUNCTION
Registration Number:	2811528	REKONSTRUCTORS
Registration Number:	2816497	K'NEX
Registration Number:	2875465	LID KIDS
Registration Number:	2921359	BIG AIR BALL TOWER
Registration Number:	2919653	X BATTLERS
Registration Number:	2944674	ALIVE!
Registration Number:	3015993	ROLL 'N GO PALS
Serial Number:	78828728	K'NEX
Serial Number:	78817501	FLEX K'NEX
Serial Number:	78828714	K'NEX
Serial Number:	78866791	
Serial Number:	78909176	
Serial Number:	76604688	MAESTRO
Serial Number:	76978097	MAESTRO

**CORRESPONDENCE DATA**

Fax Number: (215)832-5767  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 215-569-5767  
Email: perry@blankrome.com  
Correspondent Name: David M. Perry  
Address Line 1: One Logan Square  
Address Line 2: 9th Floor  
Address Line 4: Philadelphia, PENNSYLVANIA 19103-6998

ATTORNEY DOCKET NUMBER:	074658-01230
NAME OF SUBMITTER:	David M. Perry
Signature:	/David M. Perry/
Date:	07/31/2006

Total Attachments: 19

**TRADEMARK**  
**REEL: 003358 FRAME: 0932**

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## TRADEMARK SECURITY AGREEMENT

This Trademark Security Agreement ("Agreement") is made as of the 20<sup>th</sup> day of July, 2006 by CONNECTOR SET LIMITED PARTNERSHIP, a Delaware limited partnership, having a mailing address at 2990 Bergey Road, Hatfield, Pennsylvania 19440 ("Grantor") and delivered to PNC BANK, NATIONAL ASSOCIATION, as Agent, having a mailing address at 1600 Market Street, Philadelphia, PA 19103, Attn: O. Theodore Kuber ("Agent")

### BACKGROUND

A. This Agreement is being executed in connection with that certain Revolving Credit, Term Loan and Security Agreement among Agent, the financial institutions which are now or which may hereafter become a party thereto as a Lender, and Grantor, as Borrower, of even date herewith (as it may hereafter be amended, modified, restated or replaced from time to time, the "Credit Agreement"). Capitalized terms not defined herein shall have the meanings given to such terms in the Credit Agreement.

B. As security for all Obligations, Grantor is granting Agent, for the benefit of Lenders, a lien on and security interest in certain assets of Grantor associated with or relating to products leased, offered for sale, or sold by Grantor, namely, all of Grantor's trademarks, service marks, trade names, and other indicia of source, together with all of the goodwill associated therewith, under which Agent is entitled to foreclose or otherwise deal with such assets under the terms and conditions set forth in the Credit Agreement.

C. Grantor exclusively owns, has adopted, used and is using (or has filed applications for the registration of) the trademarks, service marks, trade names, and other indicia of source listed on Schedule "A" (with respect to trademarks, service marks, trade names, and indicia of source adopted and used in the United States) and on Schedule "B" (with respect to trademarks, service marks, trade names, and indicia of source adopted and used outside of the United States) attached hereto and made part hereof (all such marks, names, and corresponding registrations and applications for registration hereinafter referred to collectively as the "Trademarks").

D. Grantor and Agent desire to have the security interest of Agent, for the benefit of Lenders, in such Trademarks confirmed by a document identifying the same and in such form that it may be recorded in the United States Patent and Trademark Office or other appropriate trademark office.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. In consideration of and pursuant to the terms of the Credit Agreement and the Other Documents, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to secure the payment and performance of all of the Obligations of Grantor under the Credit Agreement, Grantor grants a lien and security interest to Agent for the benefit of Lenders in all of its present and future right, title and interest in and to the Trademarks,

together with all the goodwill of Grantor associated with and represented by the Trademarks, and the application and registration thereof and the right (but not the obligation) to sue, to the extent such right is granted to Agent pursuant to the Credit Agreement, for past, present and future infringements, and the proceeds thereof, including, without limitation, license royalties and proceeds of infringement suits (collectively the "Collateral").

2. Grantor hereby covenants and agrees to maintain the Trademarks in full force and effect, (i) except as to discontinued set, model, or category trademarked names, the termination in due course of which Grantor determines will have no materially adverse affect upon the Trademark Collateral; provided, however, that no Trademarks based in whole or in part on the term, K'NEX, shall be allowed to abandon or expire without Agent's express written consent, not to be unreasonably withheld; or (ii) except to the extent otherwise provided by the Credit Agreement; and to otherwise perform all of its obligations and undertakings under this Agreement until all of the Obligations of Grantor are indefeasibly paid and satisfied in full and the Credit Agreement and the commitments of the Lenders to make Advances under the Credit Agreement ("Revolving Credit Commitments") have been terminated.

3. Grantor represents, warrants and covenants to Agent that:

(a) To Grantor's knowledge, the Trademarks are subsisting and have not been adjudged invalid or unenforceable;

(b) To Grantor's knowledge, each of the Trademarks is registered (or in the process of application for registration) and is valid and enforceable;

(c) To Grantor's knowledge, Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, and each of the Trademarks is free and clear of any liens, claims, charges, encumbrances and licenses, including, without limitation, pledges, assignments, options, and covenants by Grantor not to sue third persons, other than Permitted Encumbrances;

(d) Grantor has the full right, power and authority to enter into this Agreement and to perform its terms;

(e) Grantor has complied with, and will continue for the duration of this Agreement to comply with, the requirements set forth in 15 U.S.C. §§ 1051-1127 and any other applicable statutes, rules and regulations in connection with its use and registration of the Trademarks;

(f) Grantor has used and will continue to use for the duration of this Agreement consistent standards of quality in services or products leased, offered for sale, or sold under the Trademarks, and hereby grants, to Agent and its employees and agents the right (with no obligation of any kind upon Agent to do so) to visit the business locations of Grantor and to inspect the use of the Trademarks and quality control records relating thereto during regular business hours to ensure the compliance of Grantor with this paragraph 3(f); and

(g) Grantor has no notice of any suits or actions commenced or threatened against it, or notice of claims or demands asserted or threatened against it, with reference to the Trademarks.

4. Grantor further covenants that:

(a) Until all of the Obligations of Grantor have been indefeasibly paid and satisfied in full and the Credit Agreement and Revolving Credit Commitments have been terminated, Grantor will not enter into any agreement which is inconsistent with the obligations of Grantor under this Agreement, the Obligations of Grantor under the Credit Agreement, or which may restrict or impair the rights or priorities of Agent hereunder.

(b) If Grantor acquires rights of ownership to any new trademarks not listed on Schedule A or Schedule B attached hereto ("Additional Trademarks"), then (i) the provisions of this Agreement shall be deemed to automatically apply thereto and such Additional Trademarks shall be deemed part of the Trademarks, (ii) Grantor shall give Agent written notice promptly upon its first use thereof and, where applicable, application date and registration date thereof, and (iii) Grantor shall promptly deliver to Agent with respect to such Additional Trademarks a Supplement to Trademark Security Agreement in the form attached hereto as Exhibit II, duly completed and executed by Grantor and accompanied by a fully completed Schedule A-1 or Schedule B-1, as applicable, with respect to such Additional Trademarks. Each such Schedule A-1 and Schedule B-1 attached to each such Supplement to Trademark Security Agreement shall be incorporated and become a part of Schedule A or Schedule B attached hereto, as applicable, and all references to Schedule A or Schedule B, as applicable, contained in this Agreement shall be deemed, for all purposes, to also include each such Schedule A-1 and Schedule B-1.

5. So long as this Agreement is in effect and so long as Grantor has not received notice from Agent that an Event of Default has occurred and is continuing under the Credit Agreement and that Agent has elected to exercise its rights hereunder, (i) Grantor shall continue to have the right to use the Trademarks and (ii) Agent shall have no right to use the Trademarks or to issue any exclusive or non-exclusive license with respect thereto, or assign, pledge or otherwise transfer title in the Trademarks to anyone else.

6. Grantor agrees not to sell, grant any license, grant any option, assign or further encumber its rights and interest in the Trademarks without prior written consent of Agent or as may be expressly permitted under the Credit Agreement; provided, that Grantor may grant licenses of the Trademarks in the ordinary course of business.

7. Following the occurrence and during the continuance of an Event of Default under the Credit Agreement (including without limitation an Event of Default arising from any failure of Grantor to comply with any covenant or undertaking under this Agreement), Agent, as the holder of a security interest, under the Uniform Commercial Code, as now or hereafter in effect in the jurisdiction whose law governs the interpretation of the Credit Agreement, may take such action permitted under the Credit Agreement and Other Documents, hereunder or under any law, in its exclusive discretion, to record, foreclose upon or otherwise exercise its rights against the Trademarks covered hereby. For such purposes, and only upon the occurrence and during

the continuance of an Event of Default, Grantor hereby authorizes, appoints and empowers Agent, its successors and assigns, and any officer or agent of Agent as Agent may select, in its reasonable discretion, as the true and lawful attorney-in-fact of Grantor, with the power to endorse the name of Grantor on all applications, assignments, documents, papers and instruments necessary for Agent to record its interest in any Trademarks or Additional Trademarks in the United States Patent and Trademark Office, or other appropriate trademark office including, without limitation, the power to execute on behalf of Grantor a Supplement to Trademark Security Agreement, to use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or necessary for Agent to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone else including, without limitation, the power to execute on behalf of Grantor a trademark assignment in the form attached hereto as Exhibit I. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof following the occurrence and during the continuance of an Event of Default and otherwise in accordance with the terms hereof, except for the gross negligence or willful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Agreement, the Credit Agreement, Other Documents, and until all of the Obligations of Grantor are indefeasibly paid and satisfied in full and the Credit Agreement and the Revolving Credit Commitments are terminated.

8. This Agreement shall be subject to the terms, conditions and provisions set forth in the Credit Agreement and may not be modified without the written consent of the parties hereto.

9. All rights and remedies herein granted to Agent shall be in addition to any rights and remedies granted to Agent under the Credit Agreement and Other Documents and shall be cumulative. In the event of an inconsistency between this Agreement and the Credit Agreement, the Credit Agreement shall control.

10. Upon full and unconditional satisfaction and performance of all of the Obligations of Grantor and termination of the Credit Agreement and the Revolving Credit Commitments, Agent shall execute and deliver to Grantor all documents reasonably necessary to terminate the security interest of Agent in the Trademarks.

11. Any and all fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and reasonable legal expenses incurred by Agent in connection with the preparation and execution of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or costs otherwise incurred in protecting, maintaining, or preserving the Trademarks, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, or defending, protecting, enforcing or terminating the rights of Agent hereunder, in each case in accordance with the terms of this Agreement and the Credit Agreement and Other Documents, shall be borne and paid by Grantor on demand by Agent and until so paid shall be added to the principal amount of the Obligations of Grantor and shall bear interest at the rate then applicable to Revolving Advances from time to time under the Credit Agreement.

12. Subject to any applicable terms of the Credit Agreement, Grantor shall have the duty to prosecute diligently any trademark application with respect to the Trademarks pending as of the date of this Agreement or thereafter to preserve and maintain all rights in the Trademarks, except to the extent otherwise provided by the Credit Agreement, and upon the reasonable request of Agent, Grantor shall make federal or other appropriate application on registrable but unregistered trademarks belonging to Grantor. Any expenses incurred in connection with such applications with such applications shall be borne exclusively by Grantor. Grantor shall not abandon any Trademark without the prior written consent of the Agent, except to the extent otherwise permitted by the Credit Agreement.

13. Grantor shall have the right to bring suit in its own name to enforce the Trademarks, in which event Agent may, if Grantor reasonably deems it necessary, be joined at Grantor's sole expense as a nominal party to such suit if Agent shall have been satisfied, in its sole discretion, that it is not thereby incurring any risk of liability because of such joinder. Grantor shall promptly, upon demand, reimburse and indemnify Agent for all damages, costs and expenses, including reasonable attorneys' fees, and costs, incurred by Agent in the fulfillment of the provisions of this paragraph.

14. If an Event of Default has occurred and is continuing under the Credit Agreement, Agent may, without any obligation to do so, complete any obligation of Grantor hereunder, in the name of Grantor or in the name, of Agent, but at the expense of Grantor, and Grantor hereby agrees to reimburse Agent in full for all costs and expenses, including without limitation all reasonable attorneys' fees, incurred by Agent in protecting, defending and maintaining the Trademarks.

15. No course of dealing between Grantor and Agent nor any failure to exercise, nor any delay in exercising, on the part of Agent, any right, power or privilege hereunder, shall operate as a waiver thereof, and all of the rights and remedies of Agent with respect to the Trademarks whether established hereby or by the Credit Agreement and Other Documents, or by any other future agreements between Grantor and Agent or by law, shall be cumulative and may be exercised singularly or concurrently.

16. The provisions of this Agreement are severable and the invalidity or unenforceability of any provision herein shall not affect the remaining provisions which shall continue unimpaired and in full force and effect.

17. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

18. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REFERENCE TO ITS CONFLICTS OF LAWS RULES. Any judicial proceeding brought by or against any Grantor with respect to this Agreement or any related agreement may be brought in any court of competent jurisdiction located in the Commonwealth of Pennsylvania, and, by execution and delivery of this Agreement, Grantor accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with



this Agreement. Grantor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by internationally recognized overnight courier directed to Grantor at its address set forth in Section 16.6 of the Credit Agreement and service so made shall be deemed completed when actually received by Grantor. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against Grantor in the courts of any other jurisdiction. Grantor waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Any judicial proceeding by Grantor against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in the County of Philadelphia, Commonwealth of Pennsylvania.

19. GRANTOR AND AGENT AND LENDERS, BY ACCEPTANCE HEREOF, HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF GRANTOR, LENDERS AND/OR AGENT OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND GRANTOR AND AGENT AND LENDERS, BY ACCEPTANCE HEREOF, HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT GRANTOR, AGENT AND/OR LENDERS MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF GRANTOR, AGENT AND LENDERS TO THE WAIVER OF THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY.

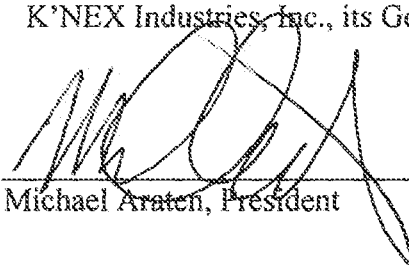
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IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have executed and delivered this Trademark Security Agreement the day and year first above written.

**CONNECTOR SET LIMITED PARTNERSHIP**

By: K'NEX Industries, Inc., its General Partner

By:


  
Michael Araten, President

Approved:

**PNC BANK, NATIONAL ASSOCIATION,**

As Agent

By:

  
Diane M. Shaak, Vice President

*(Signature Page to Trademark Security Agreement)*

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA :  
COMMONWEALTH OF PENNSYLVANIA : SS  
COUNTY OF PHILADELPHIA :

On this 14 of July, 2006 before me personally appeared MICHAEL ARATEN, to me known and being duly sworn, deposes and says that he is authorized to sign on behalf of K'NEX INDUSTRIES, INC., the general partner of CONNECTOR SET LIMITED PARTNERSHIP that he signed the Agreement attached hereto pursuant to the authority vested in him by law; that the within Agreement is the voluntary act of such limited partnership; and he desires the same to be recorded as such.



Notary Public

COMMONWEALTH OF PENNSYLVANIA  
Notary Seal  
Robert A. Peper, Notary Public  
City Of Philadelphia, Philadelphia County  
My Commission Expires Aug. 23, 2009  
Member, Pennsylvania Association of Notaries

*(Acknowledgement to Signature Page to Trademark Security Agreement)*

EXHIBIT I

ASSIGNMENT OF TRADEMARKS, TRADEMARK APPLICATIONS AND REGISTRATIONS

WHEREAS, CONNECTOR SET LIMITED PARTNERSHIP ("Grantor") is the exclusive owner of the United States trademarks, service marks, trade names, other indicia of source, and corresponding applications and registrations listed on Schedule "A" or Schedule "B" attached hereto and made a part hereof (the "Trademarks"), which are registered in the United States Patent and Trademark Office (with respect to Schedule A) or the trademark office of another jurisdiction or trademark authority (with respect to Schedule B); and

WHEREAS, \_\_\_\_\_ ("Grantee"), having a place of business at \_\_\_\_\_, is desirous of acquiring said Trademarks;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, Grantor, its successors and assigns, does hereby transfer, assign and set over unto Grantee, its successors, transferees and assigns, all of its present and future right, title and interest in and to the Trademarks and all proceeds thereof and all goodwill associated therewith.

IN WITNESS WHEREOF, the undersigned has caused this Trademark Assignment to be executed as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

CONNECTOR SET LIMITED PARTNERSHIP

By: \_\_\_\_\_  
Attorney-in-fact

*(Exhibit I to Trademark Security Agreement)*

COMMONWEALTH OF PENNSYLVANIA :  
 : SS  
COUNTY OF PHILADELPHIA :

On this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ before me, a Notary Public for the said County and State, personally appeared known to me or satisfactorily proven to me to be attorney-in-fact on behalf of CONNECTOR SET LIMITED PARTNERSHIP ("Grantor") and s/he acknowledged to me that s/he executed the foregoing Trademark Assignment on behalf of Grantor, and as the act and deed of Grantor for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires:

*(Acknowledgement to Exhibit I to Trademark Security Agreement)*

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**TRADEMARK**  
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**POWER OF ATTORNEY**

CONNECTOR SET LIMITED PARTNERSHIP ("Grantor"), hereby authorizes PNC BANK, NATIONAL ASSOCIATION, its successors and assigns, and any officer or agent thereof (collectively, "Agent"), as agent for the Lenders under the Revolving Credit, Term Loan and Security Agreement among Agent, the financial institutions which are now or which hereafter become a party thereto as Lenders and Grantor as Borrower, of even date herewith (as it may hereafter be amended, modified, restated or replaced from time to time, the "Credit Agreement"), following the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement) as the true and lawful attorney-in-fact of Grantor, with the power to endorse the name of Grantor on all applications, assignments, documents, papers and instruments necessary for Agent to enforce and effectuate its rights under a certain Trademark Security Agreement between Grantor and Agent dated the date hereof (as it may hereafter be supplemented, restated, superseded, amended or replaced, the "Trademark Agreement"), including, without limitation, the power to record its interest in any Trademarks (as defined in the Trademark Agreement) or Additional Trademarks (as defined in the Trademark Agreement) in the United States Patent and Trademark Office or other appropriate trademark office including, without limitation, the power to execute on behalf of Grantor a supplement to Trademark Security Agreement, to use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone else including, without limitation, the power to execute on behalf of Grantor a trademark assignment, in each case subject to the terms of the Trademark Agreement. Nothing herein contained shall obligate Agent to use or exercise any rights granted herein.

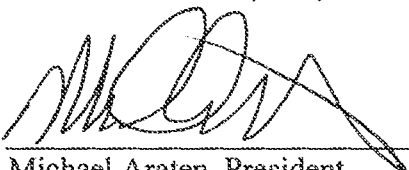
This Power of Attorney is given and any action taken pursuant hereto is intended to be so given or taken pursuant to and subject to the provisions of the Credit Agreement.

Grantor hereby unconditionally ratifies all that such attorney shall lawfully do or cause to be done following the occurrence and during the continuance of an Event of Default by virtue hereof and in accordance with the terms of the Trademark Agreement, the Credit Agreement and the Other Documents.

This Power of Attorney shall be irrevocable for the life of the Trademark Agreement.

IN WITNESS WHEREOF, the Grantor has executed this Power of Attorney, this 20<sup>th</sup> day of July, 2006.

**CONNECTOR SET LIMITED PARTNERSHIP**  
By: K'NEX Industries, Inc., its General Partner

By:   
\_\_\_\_\_  
Michael Araten, President

*(Power of Attorney to Trademark Security Agreement)*

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA :  
COMMONWEALTH OF PENNSYLVANIA : SS  
COUNTY OF PHILADELPHIA :

On this 28 of July, 2006 personally appeared MICHAEL ARATEN, to me known and being duly sworn, deposes and says that he is authorized to sign on behalf of K'NEX Industries, Inc., the general partner of CONNECTOR SET LIMITED PARTNERSHIP, the limited partnership described in the foregoing Power of Attorney; that he signed the Power of Attorney pursuant to the authority vested in her by law; that the within Power of Attorney is the voluntary act of such limited partnership; and he desires the same to be recorded as such.



\_\_\_\_\_  
Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Robert A. Peiper, Notary Public  
City Of Philadelphia, Philadelphia County  
My Commission Expires Aug. 23, 2009  
Member, Pennsylvania Association of Notaries

SCHEDULE A

TRADEMARKS

<u>Mark</u>	<u>Country</u>	<u>Registration Number (Application No.)</u>	<u>Date of Registration (Date of Application)</u>
K'NEX	USA	1,777,983	06/22/93
K'NEX & Design	USA	1,791,735	09/07/93
K'NEX	USA	1,910,766	08/08/95
SUITCASE BOX (Design Mark)	USA	2,021,592	12/10/96
TURN STORY TIME INTO ADVENTURE TIME	USA	2,105,982	10/14/97
MILLENIUM EDITION	USA	2,402,740	01/05/99
COOL MACHINES	USA	2,384,238	06/14/99
CONTROL-A-BOT	USA	2,497,033	10/09/01
KING'S PALACE	USA	2,474,558	07/31/01
MISSIONS IN SPACE	USA	2,521,243	12/18/01
SCREAMIN' SERPENT	USA	2,647,248	11/05/02
CYBER SWARM	USA	2,748,340	08/05/03
KID K'NEX	USA	2,744,603	07/29/02
BUG EYED BUDDIES	USA	2,792,548	12/09/03
FOOTED FRIENDS	USA	2,789,650	12/02/03
ROVIN' ROLLERS	USA	2,813,882	02/10/04
RIPPIN' ROCKET ROLLER COASTER	USA	2,828,424	03/30/04
WINGS 'N WHEELS	USA	2,813,905	02/10/04
JAILBREAK JUNCTION	USA	2,811,514	02/03/04
REKONSTRUCTORS	USA	2,811,528	02/03/04
K'NEX	USA	2,816,497	02/24/04
LID KIDS	USA	2,875,465	08/17/04
BIG AIR BALL TOWER	USA	2,921,359	01/25/05
X BATTLERS	USA	2,919,653	01/18/05
ALIVE!	USA	2,944,674	04/26/05
ROLL 'N GO PALS	USA	3,015,993	11/15/05
K'NEX & Design	USA	78/828,728	03/03/06
FLEX K'NEX	USA	78/817,501	02/17/06
K'NEX	USA	78/828,714	03/03/06
SNOWFLAKE	USA	78/866,791	04/21/06
CONNECTOR (Design)			
X-STUD Design of K'NEX BRICK	USA	78/909,176	06/15/06
<u>RODON DIVISION</u>			
MAESTRO	USA	76/604,688	07/29/04
MAESTRO	USA	76/978,097	07/29/04

(Schedule A to Trademark Security Agreement)



SCHEDULE B

TRADEMARKS

<u>Mark</u>	<u>Country</u>	<u>Registration Number (Application No.)</u>	<u>Date of Registration (Date of Application)</u>
K'NEX	Argentina	1,625,296	01/27/97
K'NEX	Austria	145,951	02/16/93
K'NEX	Australia	587,979	10/08/92
K'NEX	Bangladesh	42892	01/01/95
K'NEX	Belarus	6596	08/24/94
K'NEX	Benelux	522,685	11/10/92
K'NEX	Bermuda	26647	01/23/95
K'NEX	Brazil	816961271	03/15/94
K'NEX	Canada	429,948	07/01/94
K'NEX	CTM	967,489	10/26/98
K'NEX	China	675795	01/28/94
K'NEX	Chile	412,055	09/03/93
K'NEX	Columbia	152,151	02/14/94
K'NEX	Cyprus	41,663	01/13/95
K'NEX	Czech Republic	183,242	06/03/95
K'NEX	Denmark	1996/93	03/05/93
K'NEX	Ecuador	1619-98	03/23/98
K'NEX	Egypt	94016	01/15/95
K'NEX	El Salvador	78/40	12/02/96
K'NEX	Finland	128,635	10/05/93
K'NEX	France	92445964	12/14/92
K'NEX	Georgia	5264	08/01/94
K'NEX	Germany	2,051,821	10/28/92
K'NEX	Great Britain	1,518,282	08/10/92
K'NEX	Greece	111,801	12/07/92
K'NEX	Guatemala	97,293	08/10/99
K'NEX	Honduras	63,303	10/31/95
K'NEX	Hong Kong	7137/94	11/09/92
K'NEX	Hungary	137,371	11/08/92
K'NEX	India	586,225	12/04/92
K'NEX	Indonesia	347,450	08/25/94
K'NEX	Iran	76080	04/09/95
K'NEX	Ireland	151,819	11/17/92
K'NEX	Israel	85550	12/02/92
K'NEX	Italy	655,278	12/22/92
K'NEX	Japan	4,243,856	04/26/99
K'NEX	Jordan	37580	04/01/95
K'NEX	Korea	279252	11/14/92
K'NEX	Kuwait	28675	04/26/95
K'NEX	Latvia	M-37-027	01/10/95
K'NEX	Lebanon	65253	03/08/95

*(Schedule B to Trademark Security Agreement)*

K'NEX	Lithuania	25211	05/16/94
K'NEX	Malaysia	94/07808	08/30/94
K'NEX	Mexico	470,252	12/23/92
K'NEX	Morocco (Casablanca)	55843	01/31/95
K'NEX	Morocco (Tangiers)	10257	03/09/95
K'NEX	New Zealand	223,809	08/10/92
K'NEX	Nicaragua	29,434C.C.	09/20/95
K'NEX	Norway	160,754	12/23/93
K'NEX	Pakistan	129,473	04/02/95
K'NEX	Panama	064519	04/18/94
K'NEX	Paraguay	190,999	11/26/96
K'NEX	Peru	016624	06/22/95
K'NEX	Philippines	4-1995-101217	02/27/02
K'NEX	Poland	79407	11/16/92
K'NEX	Portugal	287,594	08/02/94
K'NEX	Puerto Rico	36094	03/10/95
K'NEX	Romania	19959	12/17/92
K'NEX	Russia	120286	11/16/92
K'NEX	Saudi Arabia	358/81	07/11/95
K'NEX	Singapore	8484/92	08/10/92
K'NEX	Slovak Republic	176,078	10/26/95
K'NEX	Sweden	249,888	06/18/93
K'NEX	Switzerland	402,148	11/06/92
K'NEX	Taiwan	596,989	05/01/93
K'NEX	Thailand	Kor 30789	08/02/94
K'NEX	Turkey	157,658	02/03/95
K'NEX	Ukraine	10486	02/14/94
K'NEX	Uruguay	275,085	12/26/96
K'NEX	Venezuela	p-209098	01/08/99
K'NEX	South Africa	92/9649	11/11/92
K'NEX	Yugoslavia	39729	06/26/96
K'NEX	Zimbabwe	494/95	04/20/95
K'NEX (Hebrew)	Israel	86846	03/26/93
K'NEX (Chinese Characters)	China	1,093,807	09/07/97
K'NEX & Device	United Kingdom	2,164,420	04/18/98
CONNECTOR	United Kingdom	2,164,439	04/18/98
ICON			
K'NEX	Finland	214,764	07/15/99
STORM	CTM	2,531,663	01/11/02
MOUNTAIN			
CYBER SWARM	CTM	2,554,657	01/29/02
KID K'NEX	CTM	2,673,911	04/25/02
KID K'NEX	China	4,170,803	07/15/04
KID K'NEX	China	4,170,802	07/15/04
KID K'NEX	Japan	4,736,600	12/26/03
KID K'NEX	South Korea	0010515	08/30/04

KID K'NEX	South Korea	0010516	08/30/04
BUG EYED	CTM	2,934,917	11/15/02
BUDDIES			
FOOTED FRIENDS	CTM	2,949,105	11/25/02
ROVIN' ROLLERS	CTM	2,949,063	11/25/02
RIPPIN' ROCKET	CTM	2,949,089	11/25/02
ROLLER COASTER			
WINGS 'N	CTM	2,949,071	11/25/02
WHEELS			
K'NEX	CTM	2,991,065	12/26/02
LID KIDS	CTM	3,181,874	04/22/03
BIG AIR BALL	CTM	3,678,811	02/20/04
TOWER			
X BATTLERS	CTM	3,677,838	02/20/04
ROLL 'N GO PALS	CTM	3,875,341	06/08/04
K'NEX	South Korea	78634	08/23/02

RODON DIVISION

MAESTRO	China	4,395,413	12/03/04
MAESTRO	China	4,395,412	12/03/04
MAESTRO	Japan	2004-113546	12/13/04
MAESTRO	Japan	2006-042849	05/11/06

**EXHIBIT II**  
**Supplement to Trademark Security Agreement**

This Supplement to Trademark Security Agreement ("Supplement"), dated [\_\_\_\_\_, \_\_\_\_\_], is entered into by **CONNECTOR SET LIMITED PARTNERSHIP**, a Delaware limited partnership having a mailing address at 2990 Bergey Road, Hatfield, Pennsylvania 19440 ("Grantor") and delivered to **PNC BANK, NATIONAL ASSOCIATION** having a mailing address at 1600 Market Street, Philadelphia, PA 19103, Attn: O. Theodore Kuber ("Agent") as agent for the Lenders under the Credit Agreement (as defined below).

**Background**

A. This Supplement is being delivered in connection with that certain Revolving Credit, Term Loan and Security Agreement dated July \_\_\_\_, 2006 among Agent, the financial institutions which are now or which may hereafter become a party thereto as Lender and Grantor as Borrower, (as it may hereafter be amended, modified, restated or replaced from time to time, the "Credit Agreement"), and that certain Trademark Security Agreement, dated as of the date of the Credit Agreement, by and between Grantor and Agent (as it may have been and hereafter be amended, supplemented, restated, replaced, or otherwise modified from time to time, the "Trademark Security Agreement"). Capitalized terms used but not defined herein shall have the respective meanings given to such terms in, or by reference in, the Trademark Security Agreement.

B. Pursuant to the Credit Agreement and the Trademark Security Agreement, Grantor granted to Agent for the benefit of Lenders as collateral security for the Obligations a lien on and security interest in all of the Trademarks of Grantor (as defined therein).

C. Grantor has acquired certain additional trademarks, service marks, trade names, indicia of source, and corresponding applications and registrations in connection therewith, as set forth on Schedule A-1/Schedule B-1 attached hereto and made part hereof (collectively, "Additional Trademarks"). Grantor and Agent desire to execute this Supplement for the purpose of, inter alia, granting, ratifying and confirming the lien and security interest of Agent on and in the Additional Trademarks, as more fully set forth in the Trademark Security Agreement, and for recording in the United States Patent and Trademark Office or other appropriate trademark office.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Grantor, intending to be legally bound hereby, covenants and agrees as follows:

1. In consideration of and pursuant to the terms of the Credit Agreement and Other Documents, and for other good, valuable and sufficient consideration, the receipt of which is hereby acknowledged, and to secure the Obligations, Grantor grants a lien and security interest to Agent, for the benefit of Lenders, in all of its present and future right, title and interest in and to the Additional Trademarks, together with all the goodwill of Grantor associated with and represented by the Additional Trademarks, and the application and registration thereof and the right (but not the obligation) to sue for past, present and future infringements, and the proceeds

*(Exhibit II to Trademark Security Agreement)*

thereof, including, without limitation, license royalties and proceeds of infringement suits, subject to the terms of the Credit Agreement and the Trademark Security Agreement.

2. Grantor acknowledges and confirms that the rights and remedies of Agent with respect to the security interest in the Additional Trademarks granted hereby are more fully set forth in the Credit Agreement and the Trademark Security Agreement, the terms and provisions of which are incorporated herein by reference. All references to the Trademark Security Agreement contained in the Credit Agreement or Other Documents shall be deemed, for all purposes, to also refer to and include this Supplement.

3. Schedule A/Schedule B to the Trademark Agreement is hereby supplemented by the information contained on Schedule A-1/Schedule B-1 attached hereto. All references to Schedule A/Schedule B contained in the Credit Agreement, Trademark Security Agreement or Other Documents shall be deemed, for all purposes, to also refer to and include Schedule A-1/Schedule B-1.

4. Except as expressly amended by this Supplement, all of the terms, conditions and provisions of the Credit Agreement and the Trademark Security Agreement are hereby ratified and continue unchanged and remain in full force and effect.

5. This Supplement may be executed in any number of 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. Signature by facsimile shall also bind the parties hereto.

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

**CONNECTOR SET LIMITED PARTNERSHIP**

By: K'NEX Industries, Inc.,  
its General Partner

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

Name: \_\_\_\_\_

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

Acknowledged and accepted:

**PNC BANK, NATIONAL ASSOCIATION,**  
as Agent

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

Name: \_\_\_\_\_

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

*(Exhibit II to Trademark Security Agreement)*

