

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
Pearlman Industries, Inc.		10/31/2006	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Churchill Funding, LLC
Street Address:	333 South Seventh Street
Internal Address:	2400 Metropolitan Centre
City:	Minneapolis
State/Country:	MINNESOTA
Postal Code:	55402
Entity Type:	LIMITED LIABILITY COMPANY: MINNESOTA

PROPERTY NUMBERS Total: 10

Property Type	Number	Word Mark
Registration Number:	2457798	BACKSAVER
Registration Number:	2286816	BRONZE LINE
Registration Number:	2457797	ENGINEERED ECONOMY
Registration Number:	2259217	FLEXTRON
Registration Number:	2040454	HEXPIN
Registration Number:	1332898	PEARL
Registration Number:	2482858	SRT
Registration Number:	2397218	P
Registration Number:	3133694	KEYSTONE TOOLS
Registration Number:	2597944	BLADE ROLLER

CORRESPONDENCE DATA

Fax Number: (612)766-1600

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

900062434

**TRADEMARK
 REEL: 003426 FRAME: 0861**

OP \$265.00 2457798

Phone: 612-766-6911
Email: scarlson@faegre.com
Correspondent Name: Susan Carlson
Address Line 1: Faegre & Benson LLP
Address Line 2: 90 South Seventh Street
Address Line 4: Minneapolis, MINNESOTA 55402

NAME OF SUBMITTER:	Susan Carlson
Signature:	/Susan Carlson/
Date:	11/10/2006

Total Attachments: 7
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THIS TRADEMARK SECURITY AGREEMENT AND THE INDEBTEDNESS SECURED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AGREEMENT (THE "SUBORDINATION AGREEMENT") DATED AS OF OCTOBER 31, 2006 AMONG PEARLMAN INDUSTRIES, INC., CHURCHILL FUNDING, LLC AND FIRST BANK BUSINESS CAPITAL, INC., TO THE SENIOR INDEBTEDNESS (AS DEFINED IN THE SUBORDINATION AGREEMENT); AND EACH HOLDER OF ANY NOTE UNDER THE NOTE PURCHASE AND SECURITY AGREEMENT, BY ITS ACCEPTANCE OF SUCH NOTE, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 31st day of October, 2006 by PEARLMAN INDUSTRIES, INC., a Delaware corporation, ("Grantor") in favor of CHURCHILL FUNDING, LLC, a Minnesota limited liability company ("Grantee"):

W I T N E S S E T H

WHEREAS, Grantor and Grantee are parties to a certain Note Purchase and Security Agreement of even date herewith (as the same may be amended or otherwise modified from time to time, the "Note Purchase Agreement") providing for the purchase of Notes by the Grantee from the Grantor;

WHEREAS, pursuant to the terms of the Note Purchase Agreement, Grantor has granted to Grantee a security interest in substantially all of the assets of Grantor including all right title and interest of Grantor in, to and under all now owned and hereafter acquired or arising (a) trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith (other than "intent to use" applications until a verified statement of use or an amendment to alleged use is filed with respect to such applications); (b) all renewals thereof; (c) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing, under licenses of the foregoing, or with respect to any of the foregoing including, without limitation, damages and payments for past, present and future infringements of any of the foregoing; (d) the right to sue for past, present and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing (collectively, "Trademarks") and all products and proceeds thereof, to secure the payment of all amounts owing by Grantor under the Note Purchase Agreement and the other Note Documents;

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

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

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Grantee, and hereby reaffirms its prior grant pursuant to the Note Purchase Agreement of, a continuing (until all of the Obligations have been paid in full and the commitments, if any, of Grantee under the Note Purchase Agreement to lend have terminated) security interest in Grantor's entire right, title and interest in and to the following (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter created or acquired:

(i) each Trademark listed on Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark; and

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

3. Warranties and Representations. Grantor warrants and represents to Grantee that:

(i) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances, including without limitation licenses and covenants by Grantor not to sue third persons;

(ii) Grantor has no written notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iii) Grantor has the corporate power and authority to execute and deliver this Agreement and perform its terms.

4. Restrictions on Future Agreements. Grantor agrees that until Grantor's Obligations shall have been satisfied in full and the commitments, if any, of Grantee under the Note Purchase Agreement to lend have terminated, Grantor shall not, without the prior written

consent of Grantee (which consent shall not be unreasonably withheld or delayed), sell or assign its interest in, or grant any license under, any Trademark or enter into any other agreement with respect to any Trademark, and Grantor further agrees that, except as otherwise specifically provided herein, it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to Grantee under this Agreement; provided, however, that Grantor may, without the consent of Grantee, (i) sell or assign its interest in any Trademark or abandon any Trademark which is not necessary to the conduct of Grantor's business so long as no Default or Event of Default has occurred and is continuing, or (ii) grant any license under any Trademark so long as such grant is in the ordinary course of its business.

5. Product Quality. Grantor agrees (i) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices, and (ii) to provide Grantee, upon Grantee's reasonable written request from time to time, with a certificate of an officer of Grantor certifying Grantor's compliance with the foregoing. Upon the occurrence and during the continuance of an Event of Default, Grantor agrees that Grantee, or a conservator appointed by Grantee, shall have the right to establish such additional product quality controls as Grantee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

6. New Trademarks. If, before Grantor's Obligations shall have been satisfied in full or before Grantee's commitments, if any, under the Note Purchase Agreement to lend have terminated, Grantor shall (i) become aware of any existing Trademarks of which Grantor has not previously informed Grantee, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Grantee prompt written notice thereof. Grantor hereby authorizes Grantee to modify this Agreement by amending Schedule 1 to include any such Trademarks.

7. Duties of Grantor. Grantor shall, as Grantor reasonably deems necessary or appropriate in the conduct of Grantor's business, (i) file and prosecute diligently any trademark applications pending as of the date hereof or hereafter for Trademarks which are necessary or desirable in the conduct of Grantor's business, (ii) preserve and maintain for periods prescribed by federal law all rights in the Trademarks, and (iii) use commercially reasonable efforts to ensure for periods prescribed by federal law that the Trademarks which are necessary or desirable in the conduct of Grantor's business are and remain registered with the United States Patent and Trademark Office; provided, however, that Grantor may discontinue the prosecution of any trademark application or abandon any Trademark if the subject Trademark is not necessary for the conduct of its business.

8. Grantee's Right to Sue. After the occurrence and during the continuance of an Event of Default, Grantee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Grantee shall

commence any such suit, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Grantee for all costs and expenses incurred by Grantee in the exercise of its rights under this Section 8.

9. Cumulative Remedies; Power of Attorney. Grantee hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Note Purchase Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee after the occurrence and during the continuance of an Event of Default, to make, constitute and appoint any officer or agent of Grantee as Grantee may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Grantee in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as Grantee deems to be in the best interest of Grantee, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone. Grantor hereby ratifies all that such attorney shall lawfully do in accordance with or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Grantor's Obligations shall have been paid in full and Grantee's commitments, if any, under the Note Purchase Agreement have been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks in accordance herewith shall be worldwide, except as limited by their terms, and without any liability for royalties or related charges from Grantee to Grantor.

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

PEARLMAN INDUSTRIES, INC.

By: 
Its: Secretary

Agreed and Accepted
As of the Date First Written Above

CHURCHILL FUNDING, LLC

By: _____
Its: _____

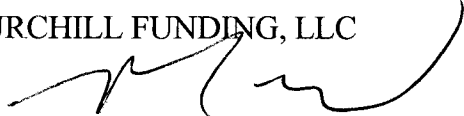
IN WITNESS WHEREOF, Grantor has duly executed this Agreement as of the date first written above.

PEARLMAN INDUSTRIES, INC.

By: _____
Its: _____

Agreed and Accepted
As of the Date First Written Above

CHURCHILL FUNDING, LLC

By: 
Its: Senior Vice President

[Signature Page to Trademark Security Agreement]

SCHEDULE 1

TRADEMARK REGISTRATIONS

U.S.

<u>MARK</u>	<u>Filing Date</u>	<u>Registration No.</u>
BACKSAVER	7/29/1998	2,457,798
BRONZELINE	3/23/1998	2,286,816
ENGINEERED ECONOMY	7/29/1998	2,457,797
FLEXTRON	4/2/1998	2,259,217
HEXPIN	3/25/1996	2,040,454
PEARL	7/10/1984	1,332,898
SRT	7/29/1998	2,482,858
P (Design)	4/16/1999	2,397,218
KEYSTONE TOOLS	5/7/2003	3,133,694
BLADEROLLER	7/23/2002	2,597,944

Foreign

<u>MARK</u>	<u>Filing Date</u>	<u>Registration No.</u>	<u>Country</u>
P (Stylized) Design	5/3/1999	TMA535606	Canada
KEYSTONE TOOLS CO.	11/7/2003	TMA637740	Canada

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Schedule 1