

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Trademark Security Agreement

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
NSI International, Inc.		10/16/2006	CORPORATION:

**RECEIVING PARTY DATA**

<b>Name:</b>	HSBC Business Credit (USA) Inc.
<b>Street Address:</b>	452 Fifth Avenue
<b>Internal Address:</b>	4th Floor
<b>City:</b>	New York
<b>State/Country:</b>	NEW YORK
<b>Postal Code:</b>	10018
<b>Entity Type:</b>	CORPORATION:

**PROPERTY NUMBERS Total: 53**

Property Type	Number	Word Mark
Registration Number:	2735375	A LITTLE IMAGINE NATION
Registration Number:	2846016	THE AMAZING BUTTON MAKER
Registration Number:	2409432	ASTRO LAB
Registration Number:	2503177	ASTRO MAGNETS
Registration Number:	2388464	BEAD PETS
Registration Number:	2765204	BEAUTIFILLS
Registration Number:	2213276	BIOSCOPE
Registration Number:	2747947	BLUE JEAN MACHINE
Registration Number:	2867468	BOBBLE HEAD PETS
Registration Number:	2131382	CANDLE CREATIONS
Registration Number:	2872599	CANDY GIRLS
Registration Number:	2820498	CHARM SCHOOL
Registration Number:	2687299	CRAZY FOAM

CH \$1340.00 2735375

Registration Number:	2267871	CREATE A COLOR NAIL SALON
Registration Number:	2330321	CRYSTAL MOSAICS
Registration Number:	2782648	DRESS-UP DIVAS
Registration Number:	2541730	EDUTRONICS
Registration Number:	2390302	FRIENDSHAPES
Registration Number:	2541158	FRIENDSHIP FASHIONS
Registration Number:	2390435	GLAM 2 GO
Registration Number:	2436498	GLITTER GLASS
Registration Number:	2345988	IMAGINE NATION
Registration Number:	2737800	INK BIG
Registration Number:	1552079	LIBRARY OF SCIENCE
Registration Number:	2442896	MAGIC WATER PAINTINGS
Registration Number:	1582385	MICROCHEM
Registration Number:	2398500	MOTORWORKS
Registration Number:	2988980	MY FIRST MASTERPIECE
Registration Number:	2696292	NSI INNOVATIONS
Registration Number:	2277722	NSI
Registration Number:	2457971	OUTBACK WILDLIFE
Registration Number:	1162885	PAINT-N-SWIRL
Registration Number:	2757222	POWER CHARMS
Registration Number:	1973497	PRETTY PENDANTS
Registration Number:	2355694	PRETTY PETALS FLOWER MAKER
Registration Number:	2981979	RAINBOW WRITER
Registration Number:	3077462	ROLL N' DOODLE
Registration Number:	2153528	ROLLING STONES
Registration Number:	2053676	SCRATCH'N'DRAW
Registration Number:	3009473	SEW EASY
Registration Number:	2879999	SHAKER MAKER
Registration Number:	2376258	SHARK LAB
Registration Number:	2488958	SKELETRONIX
Registration Number:	2419744	SNACK'N SWIRL
Registration Number:	2861654	SQUIRMLES
Registration Number:	2388574	THE BUTTERFLY COMPANY
Registration Number:	2400794	WILD WIRE
Registration Number:	2743729	WIRE WRITER

Serial Number:	78567501	BIGGAMES HOME ARCADE MACHINE
Serial Number:	78887952	GIRLSPACE
Serial Number:	78856697	SHRUNKEN HEADS
Serial Number:	78349189	WOW FACTORY
Serial Number:	78332425	WPF

**CORRESPONDENCE DATA**

Fax Number: (202)756-9299

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

Phone: 9734433564

Email: matthew.mayer@thomson.com

Correspondent Name: Greenberg Traurig, LLP

Address Line 1: 200 Park Avenue

Address Line 4: Florham Park, NEW JERSEY 07932

NAME OF SUBMITTER:	Matthew Mayer
Signature:	/Matthew Mayer/
Date:	11/13/2006

**Total Attachments: 12**

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## Trademarks

<b>Trademark</b>	<b>Serial #</b>	<b>Registration #</b>
A Little Imagine Nation	76287296	2735375
Amazing Button Maker	76456161	2846016
Astro Lab	75660768	2409432
Astro Magnets	76092426	2503177
Bead Pets	75557217	2388464
Beautifills	76333449	2765204
Bioscope	75144305	2213276
Biggames Home Arcade Machine	78567501	None
Blue Jean Machine	76180865	2747947
Bobble Head Pets	76453770	2867468
Candle Creations	75198871	2131382
Candy Girls	78147075	2872599
Charm School	78187891	2820498
Crazy Foam	76255297	2687299
Create A Color Nail Salon	75369242	2267871
Crystal Mosaics	75538350	2330321
Dress-Up Divas	76327087	2782648
Edutronics	76116609	2541730
Friendshapes	75494971	2390302
Friendship Fashions	75772866	2541158
Girl Space	78887952	None
Glam 2 Go	75627908	2390435
Glitter Glass	75783303	2436498
Imagine Nation	75405747	2345988
Ink Big	76195669	2737800
Library of Science	73741651	1552079
Magic Water Paintings	75026315	2442896
Microchem	73811660	1582385
Motorworks	75558556	2398500
My First Masterpiece	78307429	2988980
NSI Innovations	76105843	2696292
NSI Logo	75495271	2277722
Outback Wildlife	75605754	2457971
Paint-N-Swirl	73188506	1162885
Power Charms	76363921	2757222
Pretty Pendants	74600646	1973497
Pretty Petals Flower Maker	75350516	2355694
Rainbow Writer	78307442	2981979
Roll N' Doodle	78341352	3077462
Rolling Stones	75215553	2153528
Scratch'N'Draw	75056348	2053676

**Trademarks (continued)**

<b>Trademark</b>	<b>Serial #</b>	<b>Registration #</b>
Sew Easy	78334334	3009473
Shaker Maker	76403096	2879999
Shark Lab	75656470	2376258
Shrunken Heads	78856697	None
Skeletronix	75832541	2488958
Snack'N Swirl	75557220	2419744
Squirmles	78241501	2861654
The Butterfly Company	75597644	2388574
Wild Wire	75590189	2400794
Wire Writer	76277677	2743729
WOW Factory	78349189	None
WPF	78332425	None

## TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (together with all amendments, if any, from time to time, this "Trademark Security Agreement"), is made as of this 16<sup>th</sup> day of October, 2006 by NSI INTERNATIONAL, INC., a Delaware corporation (the "Grantor") in favor of HSBC BUSINESS CREDIT (USA), INC., a Delaware corporation (the "Lender").

WHEREAS, Lender and Borrower are about to enter into a certain Loan and Security Agreement of even date herewith (as the same may be modified or amended from time to time, the "Loan Agreement"), relating to financing by Lender to Borrower; and

WHEREAS, in order to induce the Lender to enter into the Loan Agreement and other Loan Documents, Grantor desires to grant a continuing Lien on the Intellectual Property Collateral to Lender to secure all of the Obligations;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. All capitalized terms used but not otherwise defined herein have the meanings given to them in Section 1.1 of the Loan Agreement. The following terms as used in this Trademark Security Agreement shall have the meanings hereinafter provided:

"Intellectual Property Collateral": As defined in Section 2(a) of this Trademark Security Agreement.

"Trademark License": Any and all rights now owned or hereafter acquired by Grantor under any written agreement granting any right to use any Trademark.

"Trademarks": All of the following now owned or hereafter existing or adopted or acquired by Grantor: (a) all trademarks, trade names, corporate names, business names, service marks, logos, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

2. Grant of Security Interest.

(a) To secure the prompt and complete payment, performance and observance of all the Obligations, Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Lender a continuing first priority security interest in and Lien upon all of its right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired by or arising in favor of Grantor and whether owned or consigned by or to, or licensed from or to Grantor (collectively, the "Intellectual Property Collateral"):

(i) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule I hereto;

(ii) all reissues, continuations or extensions of the foregoing;

(iii) all goodwill of the business connected with the use of, and symbolized by, each Trademark, and each Trademark License; and

(iv) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (A) infringement or dilution of any Trademark or Trademark licensed under any Trademark License, and (B) injury to the goodwill associated with any Trademark, any Trademark or any Trademark licensed under a Trademark License.

(b) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Lender as aforesaid, Grantor hereby grants to Lender a right of setoff, against the property of Grantor held by Lender consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Lender, for any purpose, including safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power.

(c) The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interest granted to Lender pursuant to the Loan Agreement.

3. Representations and Warranties. Grantor represents and warrants that, as of the Closing Date, Grantor owns or has rights to use all Trademarks necessary to continue to conduct its business as now or heretofore conducted by it or proposed to be conducted by it. Each Trademark registered with or that is the subject of an application with the United States Patent and Trademark Office or its foreign equivalents, as applicable, together with application or registration numbers, and each Trademark License is listed in Schedule I hereto. To Grantor's knowledge, Grantor conducts its business and affairs without infringement of or interference with any Trademarks of any other Person in any material respect. Grantor is not aware of any infringement claim by any other Person with respect to any Trademarks. The filing of this Trademark Security Agreement with the United States Patent and Trademark Office and the filing of appropriate financing statements, are the only requirements to perfect the security interests in favor of Lender in all of Grantor's Trademarks and such perfected security interests are enforceable, subject to applicable Federal and state bankruptcy and insolvency laws affecting generally the rights of creditors, as such as against any and all creditors of, and purchasers from, Grantor. Upon filing of this Trademark Security Agreement with the United States Patent and Trademark Office and the filing of appropriate financing statements, all action necessary or otherwise requested by Lender to protect and perfect Lender's security interest in and Lien on Grantor's Trademarks shall have been duly taken.

4. Covenants.

(a) Grantor shall notify Lender promptly if it knows or has reason to know that any application or registration relating to any Trademark (now or hereafter existing) may

become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding Grantor's ownership of any Trademark, its right to register the same, or to keep and maintain the same.

(b) In no event shall Grantor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any Trademark with the United States Patent and Trademark Office or any similar office or agency without giving Lender prior written notice thereof, and, upon request of Lender, Grantor shall execute and deliver supplements hereto or a new security agreement as Lender may reasonably request to evidence Lender's Lien on such Trademark, and the general intangibles of Grantor relating thereto or represented thereby.

(c) Grantor shall take all actions necessary or reasonably requested by Lender to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event Grantor believes that any of the Intellectual Property Collateral is being infringed upon, misappropriated or diluted by a third party, Grantor shall promptly give notice thereof to Lender and shall execute and deliver supplements hereto or a new security agreement as Lender may request to grant Lender a Lien on Grantor's claim against such third party as required under Section 6.23(d) of the Loan Agreement, and Grantor shall promptly sue for infringement, misappropriation or dilution, to recover any and all damages for such infringement, misappropriation or dilution, take such other actions to enforce its right and protect such Intellectual Property Collateral whether by action, suit, proceeding or otherwise and take any and all other actions as Lender reasonably shall deem necessary or appropriate under the circumstances to protect such Intellectual Property Collateral, in each case to the extent same is commercially reasonable.

5. Rights and Remedies.

(a) For the express purpose of enabling Lender to exercise rights and remedies under the Loan Agreement (including, without limiting the terms hereof or of the Loan Agreement, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of the Collateral described in the Loan Agreement), Grantor hereby grants to Lender an irrevocable, nonexclusive license, without payment of royalty or other compensation to Grantor, to use, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

(b) Grantor hereby acknowledges and affirms that certain other rights and remedies of Lender with respect to the security interest in the Intellectual Property Collateral



made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. Reinstatement. This Trademark Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7. Execution of Special Power of Attorney. Concurrently with the execution and delivery of this Trademark Security Agreement, the Grantor is executing and delivering to the Lender a certain Special Power of Attorney for the implementation of the sale, assignment, licensing or other disposition of the Intellectual Property Collateral pursuant to this Trademark Security Agreement.

8. Notices. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desire to give or serve upon another any such communication with respect to this Trademark Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be addressed to the party to be notified at the address set forth in the Loan Agreement (or such other address as may be substituted by notice given in the manner required by Section 10.13 of the Loan Agreement), and given in the manner required by Section 10.13 of the Loan Agreement.

9. Binding Nature. This Trademark Security Agreement shall be binding upon and inure to the benefit of the successors, assigns or other legal representatives of the Grantor, and shall, together with the rights and remedies of the Lender hereunder, be binding upon and inure to the benefit of the Lender, their successors, assigns or other legal representatives.

10. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Trademark Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Trademark Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Trademark Security Agreement. This Trademark Security Agreement is to be read, construed and applied together with the Loan Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Lender and Grantor with respect to the matters referred to herein and therein. Except as otherwise specifically provided, if any

provision contained in this Trademark Security Agreement or any other Loan Document, conflicts with any provision in the Loan Agreement, the provision in the Loan Agreement shall govern and control.

11. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, each of which, when taken together, shall be deemed to be one and the same document. Delivery of an executed counterpart of a signature page of this document by facsimile shall be effective as delivery of a manually executed counterpart of this document.

12. Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Trademark Security Agreement with its counsel.

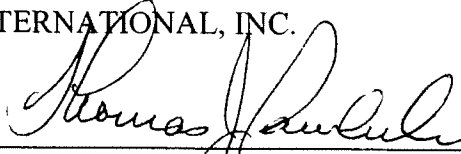
13. GOVERNING LAW. THIS TRADEMARK SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF.

14. WAIVER OF JURY TRIAL. GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS TRADEMARK SECURITY AGREEMENT.

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IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officers as of the date first set forth above.

NSI INTERNATIONAL, INC.

By: 

Name: Thomas J. Pawluk

Title: Chief Executive Officer

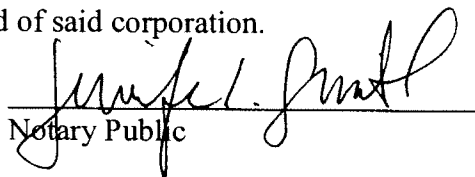
ACKNOWLEDGMENT OF GRANTOR

STATE OF NEW YORK )

COUNTY OF NY )

ss.

On this 10<sup>th</sup> day of October, 2006 before me personally appeared Thomas J. Pawluk proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of NSI International, Inc., who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

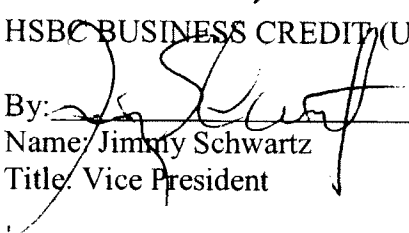
  
Notary Public

{seal}

JENNIFER LETITIA SMITH  
Notary Public - State of New York  
No. 02SM6112126  
Qualified in New York County  
My Commission Expires June 28, 2008

Acknowledged and Agreed:

HSBC BUSINESS CREDIT (USA), INC.

By:   
Name: Jimmy Schwartz  
Title: Vice President

SCHEDULE I  
to  
TRADEMARK SECURITY AGREEMENT

SEE ATTACHED.

## Trademarks

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Bioscope	75144305	2213276
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Snack'N Swirl	75557220	2419744
Squirmles	78241501	2861654
The Butterfly Company	75597644	2388574
Wild Wire	75590189	2400794
Wire Writer	76277677	2743729
WOW Factory	78349189	None
WPF	78332425	None