

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
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SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
Name	Formerly	Execution Date	Entity Type
IMPERIAL BAG & PAPER CO. LLC		01/12/2007	LIMITED LIABILITY COMPANY: DELAWARE
<b>RECEIVING PARTY DATA</b>			
Name:	MFC CAPITAL FUNDING, INC., AS AGENT		
Street Address:	111 South Wacker Drive		
Internal Address:	Suite 5050		
City:	Chicago		
State/Country:	ILLINOIS		
Postal Code:	60606		
Entity Type:	CORPORATION: MINNESOTA		
<b>PROPERTY NUMBERS Total: 1</b>			
Property Type	Number	Word Mark	
Registration Number:	2900754	SERENITY	
<b>CORRESPONDENCE DATA</b>			
Fax Number:	(312)863-7806		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	312-863-7198		
Email:	nancy.brougher@goldbergkohn.com		
Correspondent Name:	Nancy Brougher c/o Goldberg Kohn		
Address Line 1:	55 East Monroe Street		
Address Line 2:	Suite 3700		
Address Line 4:	Chicago, ILLINOIS 60603		
ATTORNEY DOCKET NUMBER:	5807.017		
NAME OF SUBMITTER:	Nancy Brougher		
Signature:	/njb/		

OP \$40.00 2900754

Date:

01/12/2007

**Total Attachments: 7**

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## TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Agreement") made as of this 12th day of January, 2007 by IMPERIAL BAG & PAPER CO. LLC, a Delaware limited liability company ("Grantor"), in favor of MFC CAPITAL FUNDING, INC., a Minnesota corporation, as agent for itself and other Lenders ("Grantee"):

### W I T N E S S E T H

WHEREAS, Grantor, Grantee and certain lenders from time to time party thereto ("Lenders") are parties to a certain Credit Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), providing for extensions of credit to be made to Grantor by Grantee and such Lenders; and

WHEREAS, Grantor and Grantee are parties to a certain Master Security Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), providing for Grantor to grant 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 Credit Agreement.

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 Credit Agreement and Security Agreement. The Credit Agreement and the Security Agreement and the respective 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 Credit Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities, Grantor hereby grants to

Grantee for the benefit of itself and the Lenders and hereby reaffirms its prior grant pursuant to the Security Agreement of, a continuing 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 and hereafter acquired or arising:

(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 foregoing, 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 and the Lenders that:

(i) Grantor is the sole beneficial owner of, or has the right to use, free from any Liens or other restrictions, claims, rights, encumbrances or burdens (other than Permitted Liens), each Trademark;

(ii) Grantor has no 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 and the other Lender's Liabilities shall have been satisfied in full and the Credit Agreement shall have been terminated, Grantor shall not, without the prior written consent of Grantee, 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 and the Lenders under this Agreement.

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 and the Lenders, upon Grantee's reasonable 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 a 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 and the Lender's Liabilities shall have been satisfied in full or before the Credit Agreement has been 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 shall automatically apply thereto and Grantor shall give to Grantee and the Lenders 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 (i) file and prosecute diligently any trademark applications pending as of the date hereof or hereafter for Trademarks which are necessary or useful in the conduct of Grantor's business, (ii) preserve and maintain all rights in the Trademarks, as reasonably deemed appropriate by Grantor and (iii) ensure that the Trademarks which are necessary or useful in the conduct of Grantor's business are and remain enforceable.

8. Grantee's Right to Sue. After a 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. Grantor hereby acknowledges and affirms that the rights and remedies with respect to the Trademarks, whether established hereby or by the Credit Agreement, the Security Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby authorizes Grantee upon the occurrence of a 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 or cause to be done by virtue hereof, except to the extent such attorney is grossly negligent or engages in willful misconduct. This power of attorney shall be irrevocable until Grantor's and the Lender's Liabilities shall have been paid in full and the Credit Agreement has been terminated. Grantor hereby further acknowledges and agrees that the use by Grantee of the Trademarks shall be worldwide, except as limited by their terms, and without any liability for royalties or other related charges from Grantee to Grantor.

10. CHOICE OF LAW. THIS AGREEMENT SHALL BE DEEMED TO BE EXECUTED AND HAS BEEN DELIVERED AND ACCEPTED IN CHICAGO, ILLINOIS BY SIGNING AND DELIVERING IT THERE. ANY DISPUTE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS AND NOT THE CONFLICTS OF LAW PROVISIONS OF THE STATE OF ILLINOIS.

11. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement


12. Counterparts. This Agreement may be executed and accepted in any number of counterparts, each of which shall be an original with the same effect as if the signatures were on the same instrument. The delivery of an executed counterpart of a signature page to this Agreement by facsimile or .pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

13. Intercreditor Agreement. This Agreement is subject to the terms and provisions of a Subordination and Intercreditor Agreement dated as of the date hereof (the "Intercreditor Agreement"), by and between Grantee, Grantor, Imperial Bag Holdings LLC and Mezzanine Lenders. In the event of any conflict between this Agreement and the Intercreditor Agreement, the terms and provisions of the Intercreditor Agreement shall control.

*[Signature Page Follows]*

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

IMPERIAL BAG & PAPER CO. LLC,  
a Delaware limited liability company

By:   
Name: Robert Till  
Title: President

Agreed and Accepted  
As of the Date First Written Above

MFC CAPITAL FUNDING, INC.,  
a Minnesota Corporation, as Agent

By: \_\_\_\_\_  
Name:  
Title:

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

IMPERIAL BAG & PAPER CO. LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed and Accepted  
As of the Date First Written Above

MFC CAPITAL FUNDING, INC.,  
a Minnesota Corporation, as Agent

By: Andrew Pappas  
Name: ANDREW PAPPAS  
Title: DIRECTOR



**SCHEDULE 1**

**TRADEMARKS**

<b>TRADEMARK</b>	<b>FEDERAL REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
Serenity	2,900,754	November 2, 2004

**TRADEMARK APPLICATIONS**

None