

**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
Advanced Environmental Recycling Technologies, Inc.		12/01/2007	CORPORATION: DELAWARE

**RECEIVING PARTY DATA**

<b>Name:</b>	Allstate Insurance Company
<b>Street Address:</b>	3075 Sanders Road
<b>City:</b>	Northbrook
<b>State/Country:</b>	ILLINOIS
<b>Postal Code:</b>	60062
<b>Entity Type:</b>	COMPANY: ILLINOIS

<b>Name:</b>	Bank Of Oklahoma, N.A.
<b>Street Address:</b>	9520 N. May Avenue
<b>Internal Address:</b>	2nd Floor
<b>City:</b>	Oklahoma City
<b>State/Country:</b>	OKLAHOMA
<b>Postal Code:</b>	73120
<b>Entity Type:</b>	TRUSTEE: OKLAHOMA

**PROPERTY NUMBERS Total: 6**

Property Type	Number	Word Mark
Registration Number:	1734846	MOISTURESHIELD
Registration Number:	2556508	DREAMWORKS
Registration Number:	2965847	CORNERLOC.
Registration Number:	3140130	BUILT FOR LIFE...AND THE WAY YOU LIVE IT
Registration Number:	3120123	LIFECYCLE
Serial Number:	77218029	FOREST OF THE FUTURE

**CH \$165.00 1734846**

**CORRESPONDENCE DATA**

Fax Number: (214)756-8519  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 214-740-8519  
Email: mross@lockelord.com  
Correspondent Name: Monty L. Ross  
Address Line 1: 2200 Ross Ave.  
Address Line 2: Ste. 2200  
Address Line 4: Dallas, TEXAS 75201-6776

ATTORNEY DOCKET NUMBER:	0507070.67971
NAME OF SUBMITTER:	Monty L. Ross
Signature:	/Monty L. Ross/
Date:	12/21/2007

**Total Attachments: 16**  
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## PATENT AND TRADEMARK SECURITY AGREEMENT

This **PATENT AND TRADEMARK SECURITY AGREEMENT** ("Agreement"), dated as of December 1, 2007, is entered into between **ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES, INC.**, a corporation duly organized and existing under the laws of the State of Delaware ("Grantor"), which has a mailing address at 801 North Jefferson Springdale, Arkansas 72764, **BANK OF OKLAHOMA, N.A.**, ("Trustee") having an office at 9520 N. May Avenue, 2<sup>nd</sup> Floor, Oklahoma City, Oklahoma 73120, and **ALLSTATE INSURANCE COMPANY** (the "Noteholder") having an office at 3075 Sanders Road, Northbrook, Illinois 60062.

### RECITALS

**WHEREAS**, the Grantor expected to be the borrower under that certain Loan Agreement, dated as of January 1, 2008, between Grantor and the City of Springdale, Arkansas (the "Springdale Loan Agreement") of the proceeds of the City of Springdale, Arkansas Industrial Development Refunding Revenue Bonds (Advanced Environmental Recycling Technologies, Inc. Project) Series 2008; and

**WHEREAS**, the Grantor is the borrower under that certain Loan Agreement, dated as of December 1, 2007, between Grantor and Adair County Industrial Authority (the "Adair Loan Agreement" and, together with the Springdale Loan Agreement, the "Loan Agreements") of the proceeds of the Adair County Solid Waste Recovery Facilities Revenue Bonds (Advanced Environmental Recycling Technologies, Inc. Project) Series 2007; and

**WHEREAS**, the rights of the City of Springfield and of Adair County Industrial Authority under each of the Loan Agreements, respectively, will be or were assigned to the Trustee; and

**WHEREAS**, the Grantor is the borrower under that certain Promissory Note, in the original principal amount of \$2,600,000 dated October 9, 2003 made to the Noteholder, as amended to date, and that certain Promissory Note, in the original principal amount of \$5,000,000 dated May 31, 2007 made to the Noteholder, as amended to date (together, the "Promissory Notes"); and

**WHEREAS**, the Grantor has provided security with respect to its obligations arising under the Loan Agreements and the Promissory Notes (collectively, the "Obligations") on a parity basis in accordance with this Agreement.

**NOW THEREFORE**, in consideration of the mutual promises, covenants, conditions, representations, and warranties hereinafter set forth and for other good and valuable consideration, the parties hereto mutually agree as follows:

## 1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** The following terms, as used in this Agreement, have the following meanings:

“Code” means the Arkansas Uniform Commercial Code, as amended and supplemented from time to time, and any successor statute.

“Collateral” means all of the following, whether now owned or hereafter acquired:

(I) Each of the trademarks and rights and interest which are capable of being protected as trademarks (including trademarks, service marks, designs, logos, indicia, tradenames, corporate names, Grantor names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), which are presently, or in the future may be, owned, created, acquired, or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(ii) Each of the patents and patent applications which are presently, or in the future may be, owned, issued, acquired, or used (whether pursuant to a license or otherwise) by Grantor, in whole or in part, and all patent rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), foreign filing rights, and rights to extend such patents and patent rights;

(iii) All of Grantor's right to the trademarks and trademark registrations listed on Exhibit A attached hereto, as the same may be updated hereafter from time to time;

(iv) All of Grantor's right, title, and interest, in and to the patents and patent applications listed on Exhibit A attached hereto, as the same may be updated hereafter from time to time;

(v) All of Grantor's right, title and interest to register trademark claims under any state or federal trademark law or regulation of any foreign country and to apply for, renew, and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Grantor or in the name of Trustee for past, present, and future infringements of the trademarks, registrations, or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vi) All of Grantor's right, title, and interest in all patentable inventions, and to file applications for patent under federal patent law or regulation of any foreign country, and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of Grantor or in the name

of Trustee for past, present, and future infringements of the patents, and all rights (but not obligations) corresponding thereto in the United States and any foreign country;

(vii) the entire goodwill of or associated with the businesses now or hereafter conducted by Grantor connected with and symbolized by any of the aforementioned properties and assets;

(viii) All general intangibles relating to the foregoing and all other intangible intellectual or other similar property of the Grantor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(ix) All products and proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

**1.2 Construction.** Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Agreement as a whole and not to any particular provision of this Agreement. Any initially capitalized terms used but not defined herein shall have the meaning set forth in the Loan Agreements. Any reference herein to any of the Loan Documents includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Trustee, Noteholder or Grantor, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by Grantor, Trustee, Noteholder, and their respective counsel, and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of Trustee, Noteholder and Grantor. Headings have been set forth herein for convenience only, and shall not be used in the construction of this Agreement.

## **2. GRANT OF SECURITY INTEREST.**

To secure the complete and timely payment and performance of all Obligations on a parity basis, and without limiting any other security interest Grantor has granted to Trustee or Noteholder, Grantor hereby grants, assigns, and conveys to Trustee and Noteholder a security interest in Grantor's entire right, title, and interest in and to the Collateral. Trustee and Noteholder agree that its lien on the Collateral shall in no way interfere with and shall be subject to the following existing license and sublicense arrangements of Grantor and license and sublicense arrangements to be entered into in the future by Grantor to enable Grantor to do the following: (i) grant licenses or sublicenses of Collateral in the ordinary course of business; (ii) grant licenses, sublicenses or similar arrangements in connection with joint ventures, corporate or similar collaborations, sponsored research, research collaborations and strategic alliances; (iii) grant licenses or sublicenses to permit the use of intellectual property the Grantor not being pursued by the Grantor, and (iv) exchange licenses or sublicenses with other persons.

### 3. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Grantor hereby represents, warrants, and covenants that:

**3.1 Trademarks; Patents.** A true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Exhibit A; and a true and complete schedule setting forth all patent and patent applications owned or controlled by Grantor or licensed to Grantor, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Exhibit A.

**3.2 Validity; Enforceability.** Each of the patents and trademarks is valid and enforceable, and Grantor is not presently aware of any past, present, or prospective claim by any third party that any of the patents or trademarks are invalid or unenforceable, or that the use of any patents or trademarks violates the rights of any third person, or of any basis for any such claims.

**3.3 Title.** Grantor is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to each of the patents, patent applications, trademarks, and trademark registrations, free and clear of any liens, charges, and encumbrances, including pledges, assignments, shop rights, and covenants by Grantor not to sue third persons, except for the lien in favor of Regions Bank, as trustee with respect to the City of Springdale, Arkansas Industrial Development Refunding Revenue Bonds (Advanced Environmental Recycling Technologies, Inc. Project) Series 2003. Trustee acknowledges that the Collateral is subject to licenses, sublicenses and similar arrangements entered into by Grantor in the ordinary course of business or otherwise permitted under the Loan Agreements.

**3.4 Notice.** Grantor has used and will continue to use proper statutory notice in connection with its use of each of the patents and trademarks.

**3.5 Quality.** Grantor has used and will continue to use consistent standards of high quality (which may be consistent with Grantor's past practices) in the manufacture, sale, and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks.

**3.6 Perfection of Security Interest.** Except for the filing of appropriate financing statements (all of which filings have been made) and filings with the United States Patent and Trademark Office necessary to perfect the security interests created hereunder, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by Grantor of the security interest hereunder or for the execution, delivery, or performance of this Agreement by Grantor or for the perfection of or the exercise by Trustee of its rights hereunder to the Collateral in the United States.

#### **4. AFTER-ACQUIRED PATENT OR TRADEMARK RIGHTS.**

If Grantor shall obtain rights to any new trademarks, any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Grantor shall give prompt notice in writing to Trustee and Noteholder with respect to any such new trademarks or patents, or renewal or extension of any trademark registration. Grantor shall bear any expenses incurred in connection with future patent applications or trademark registrations. Without limiting Grantor's obligation under this Section 4, Grantor authorizes Trustee and Noteholder to modify this Agreement by amending Exhibit A to include any such new patent or trademark rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Exhibits A shall in any way affect, invalidate or detract from Trustee's and Noteholder's continuing security interest in all Collateral, whether or not listed on Exhibit A.

#### **5. LITIGATION AND PROCEEDINGS.**

Grantor shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings, or other action for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Grantor shall provide to Trustee and Noteholder any information with respect thereto reasonably requested by Trustee or Noteholder. Trustee and Noteholder shall provide at Grantor's expense all necessary cooperation in connection with any such suits, proceedings, or action, including, without limitation, joining as a necessary party. Following Grantor's becoming aware thereof, Grantor shall notify Trustee and Noteholder of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state, or foreign court regarding Grantor's claim of ownership in any of the patents or trademarks, its right to apply for the same, or its right to keep and maintain such patent or trademark rights.

#### **6. POWER OF ATTORNEY.**

Grantor hereby appoints Trustee or Noteholder as Grantor's true and lawful attorneys, with full power of substitution, to do any or all of the following, in the name, place and stead of Grantor: (a) file this Agreement (or an abstract hereof) or any other document describing Trustee's interest in the Collateral with the United States Patent and Trademark Office; (b) execute any modification of this Agreement pursuant to Section 4 of this Agreement; (c) take any action and execute any instrument which Trustee or Noteholder may deem necessary or advisable to accomplish the purposes of this Agreement; and (d) following an Event of Default (as defined in either of the Loan Agreements), (i) endorse Grantor's name on all applications, documents, papers and instruments necessary for Trustee or Noteholder to use or maintain the Collateral; (ii) ask, demand, collect, sue for, recover, impound, receive, and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral; (iii) file any claims or take any action or institute any proceedings that Trustee and Noteholder may deem necessary or desirable for the collection of any of the Collateral or otherwise enforce Trustee's and Noteholder's rights with respect to any of the Collateral, and (iv) assign, pledge, convey, or otherwise transfer title in or dispose of the Collateral to any person. The power of attorney

granted under this Section 6 may be exercised by Trustee and Noteholder only upon an Event of Default.

**7. RIGHT TO INSPECT.**

Grantor grants to Trustee and Noteholder and their respective employees and agents the right to visit Grantor's plants and facilities which manufacture, inspect, or store products sold under any of the patents or trademarks, and to inspect the products and quality control records relating thereto at reasonable times during regular business hours following reasonable advance notice to Grantor.

**8. SPECIFIC REMEDIES.**

Upon the occurrence of any Event of Default (as defined in any of the Loan Agreements or the Promissory Notes), Trustee and Noteholder shall have, in addition to, other rights given by law or in this Agreement, the Loan Agreements, or in any other Loan Document, all of the rights and remedies with respect to the Collateral of a secured party under the Code, including the following:

**8.1 Notification.** Trustee and Noteholder may notify licensees to make royalty payments on license agreements directly to Trustee and Noteholder;

**8.2 Sale.** Trustee and Noteholder may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Trustee and Noteholder deem advisable. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Grantor ten (10) days prior to such disposition. Grantor shall be credited with the net proceeds of such sale only when they are actually received by Trustee and Noteholder, and Grantor shall continue to be liable for any deficiency remaining after the Collateral is sold or collected. If the sale is to be a public sale, Trustee and Noteholder shall also give notice of the time and place by publishing a notice one time at least ten (10) days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held. To the maximum extent permitted by applicable law, Trustee and Noteholder may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the Obligations as a credit on account of the purchase price of any collateral payable by Trustee and Noteholder at such sale.

**9. GENERAL PROVISIONS.**

**9.1 Effectiveness.** This Agreement shall be binding and deemed effective when executed by Grantor, Noteholder and Trustee.

**9.2 Notices.** Except to the extent otherwise provided herein, all notices, demands, and requests that either party is required or elects to give to the other shall be in writing and shall be governed by the notice provisions of the Loan Agreements.



**9.3 No Waiver.** No course of dealing between Grantor, Noteholder and Trustee, nor any failure to exercise nor any delay in exercising, on the part of Trustee or Noteholder, any right, power, or privilege under this Agreement, under the Promissory Notes or under the Loan Agreements or any other agreement, shall operate as a waiver. No single or partial exercise of any right, power, or privilege under this Agreement, the Promissory Notes or under the Loan Agreements or any other agreement by Trustee or Noteholder shall preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege by Trustee or Noteholder.

**9.4 Rights Are Cumulative.** All of Trustee's and Noteholder's rights and remedies with respect to the Collateral whether established by this Agreement, the Promissory Notes, the Loan Agreements, or any other documents or agreements, or by law shall be cumulative and may be exercised concurrently or in any order.

**9.5 Successors.** The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties; provided that Grantor may not transfer any of the Collateral or any rights hereunder, without the prior written consent of Trustee and Noteholder, except as specifically permitted hereby.

**9.6 Severability.** The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such provision, or part thereof, in such jurisdiction, and shall not in any manner affect such provision or part thereof in any other jurisdiction, or any other provision of this Agreement in any jurisdiction.

**9.7 Entire Agreement.** This Agreement is subject to modification only by a writing signed by the parties, except as provided in Section 4 of this Agreement. To the extent that any provision of this Agreement conflicts with any provision of the Loan Agreements, the provision giving Trustee or Noteholder greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Trustee under the Loan Agreements and the rights granted to the Noteholder under the Promissory Notes. This Agreement, the Loan Agreements, the Promissory Notes and the documents relating thereto comprise the entire agreement of the parties with respect to the matters addressed in this Agreement.

**9.8 Fees and Expenses.** Grantor shall pay to Trustee and Noteholder on demand all actual and reasonable costs and expenses that Trustee or Noteholder pays or incurs in connection with the negotiation, preparation, consummation, administration, enforcement, and termination of this Agreement, including: (a) reasonable attorneys' and paralegals' fees and disbursements of counsel to Trustee or Noteholder; (b) costs and expenses (including reasonable attorneys' and paralegals' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with this Agreement and the transactions contemplated hereby; (c) costs and expenses of lien and title searches; (d) taxes, fees, and other charges for filing this Agreement at the United States Patent and Trademark Office, or for filing financing statements, and continuations, and other actions to perfect, protect, and continue the security interest created hereunder; (e) sums paid or incurred to pay any amount or take any action required of Grantor under this Agreement that Grantor fails to pay or take; (f) costs and expenses of preserving and

protecting the Collateral; and (g) costs and expenses (including reasonable attorneys' and paralegals' fees and disbursements) paid or incurred to enforce the security interest created hereunder, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of this Agreement, or to defend any claims made or threatened against the Trustee arising out of the transactions contemplated hereby (including preparations for the consultations concerning any such matters). The foregoing shall not be construed to limit any other provisions of this Agreement, the Promissory Notes or the Loan Documents regarding costs and expenses to be paid by Grantor. The parties agree that reasonable attorneys' and paralegals' fees and costs incurred in enforcing any judgment are recoverable as a separate item in addition to fees and costs incurred in obtaining the judgment and that the recovery of such attorneys' and paralegals' fees and costs is intended to survive any judgment, and is not to be deemed merged into any judgment.

**9.9 Indemnity.** Grantor shall protect, defend, indemnify, and hold harmless Trustee and Noteholder and their respective assigns from all liabilities, losses, and costs (including without limitation reasonable attorneys' fees) incurred or imposed on Trustee or Noteholder relating to the matters in this Agreement, except for liabilities, losses or costs caused by the negligence of Trustee, Noteholder or their agents.

**9.10 Further Assurances.** At Trustee's or Noteholder's request, Grantor shall execute and deliver to Trustee and Noteholder any further instruments or documentation, and perform any acts, that may be reasonably necessary or appropriate to implement this Agreement, the Loan Agreements, the Promissory Notes or any other agreement, and the documents relating thereto, including without limitation any instrument or documentation reasonably necessary or appropriate to create, maintain, perfect, or effectuate Trustee's and Noteholder's security interests in the Collateral.

**9.11 Release.** At such time as Grantor shall pay all of the Obligations and the Loan Agreements and Promissory Notes shall be terminated, Trustee and Noteholder shall execute and deliver to Grantor all assignments and other instruments as may be reasonably necessary or proper to terminate Trustee's or Noteholder's security interest in the Collateral, subject to any disposition of the Collateral which may have been made by Trustee pursuant to this Agreement. For the purpose of this Agreement, the Obligations shall be deemed to continue if Grantor enters into any bankruptcy or similar proceeding at a time when any amount paid to Trustee could be ordered to be repaid as a preference or pursuant to a similar theory, and shall continue until it is finally determined that no such repayment can be ordered.


**9.12 Governing Law.** THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS AND DECISIONS OF THE STATE OF ARKANSAS. ALL DISPUTES BETWEEN THE GRANTOR, NOTEHOLDER AND TRUSTEE, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN LITTLE ROCK, ARKANSAS, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT TRUSTEE AND NOTEHOLDER SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY

APPLICABLE LAW, TO PROCEED AGAINST THE GRANTOR OR ITS PROPERTY IN ANY LOCATION REASONABLY SELECTED BY TRUSTEE AND NOTEHOLDER IN GOOD FAITH TO ENABLE TRUSTEE AND NOTEHOLDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF TRUSTEE OR NOTEHOLDER. THE GRANTOR AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIMS, SETOFFS OR CROSS-CLAIMS IN ANY PROCEEDING BROUGHT BY TRUSTEE AND NOTEHOLDER. THE GRANTOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH TRUSTEE HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

**9.13 Waiver of Right to Jury Trial. TRUSTEE, NOTEHOLDER AND GRANTOR EACH HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO: (I) THIS AGREEMENT; OR (II) ANY OTHER PRESENT OR FUTURE INSTRUMENT OR AGREEMENT BETWEEN TRUSTEE, NOTEHOLDER AND GRANTOR; OR (III) ANY CONDUCT, ACTS OR OMISSIONS OF TRUSTEE OR GRANTOR OR ANY OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS OR ANY OTHER PERSONS AFFILIATED WITH TRUSTEE OR GRANTOR; IN EACH OF THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE.**

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

**ADVANCED ENVIRONMENTAL  
RECYCLING TECHNOLOGIES, INC.**

By   
Joe Brooks, Chief Executive Officer

**BANK OF OKLAHOMA, N.A.**

By \_\_\_\_\_  
Bill Barber, Vice President

**ALLSTATE INSURANCE COMPANY**

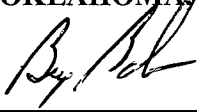
By \_\_\_\_\_  
Authorized Officer

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

**ADVANCED ENVIRONMENTAL  
RECYCLING TECHNOLOGIES, INC.**

By \_\_\_\_\_  
Joe Brooks, Chief Executive Officer

**BANK OF OKLAHOMA, N.A.**

By  \_\_\_\_\_  
Bill Barber, Vice President

**ALLSTATE INSURANCE COMPANY**

By \_\_\_\_\_  
Authorized Officer

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

**ADVANCED ENVIRONMENTAL  
RECYCLING TECHNOLOGIES, INC.**

By \_\_\_\_\_  
Joe Brooks, Chief Executive Officer

**BANK OF OKLAHOMA, N.A.**

By \_\_\_\_\_  
Bill Barber, Vice President

**ALLSTATE INSURANCE COMPANY**

By \_\_\_\_\_  
Authorized Officer  
*SIGNATORY*



Exhibit "A"

**ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES, INC.**

**U.S. AND FOREIGN INTELLECTUAL PROPERTY PORTFOLIO**

*As of December 17, 2007*

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**PATENTS – UNITED STATES**

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<u>Patent No./ Serial No.</u>	<u>Issue Date/ Filing Date</u>
5,084,135	01/28/1992
07/499,718	03/27/1990
5,082,605	01/21/1992
07/530,840	05/30/1990
5,088,910	02/18/1992
07/491,061	03/14/1990
5,096,046	03/17/1992
07/530,839	05/30/1990
5,096,406	03/17/1992
07/531,234	05/31/1990
5,100,545	03/31/1992
07/621,613	12/03/1990
5,213,021	05/25/1993
07/799,713	11/26/1991
5,268,074	12/07/1993
07/672,832	03/21/1991
5,277,758	01/11/1994
07/854,231	03/20/1992
5,285,973	02/15/1994
07/914,155	07/15/1992
5,351,895	10/04/1994
07/912,866	07/13/1992
5,540,244	07/30/1996
08/171,509	12/22/1993
5,759,680	06/02/1998
08/008,886	01/22/1993
6,149,012	11/21/2000
09/193,829	11/17/1998
6,526,712	03/04/2003
10/052,850	11/02/2001
60/950,719	07/19/2007

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**PENDING PATENT APPLICATIONS – FOREIGN**

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<u>Country</u>	<u>Serial No.</u>	<u>Filing Date</u>
Canada	2,107,239	05/25/2004
	2,107,239	03/20/1992
Mexico	213,849	04/23/2003
	93/5743	09/20/1993

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**TRADEMARKS – UNITED STATES  
REGISTERED/PENDING**

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<u>Mark</u>	<u>Registration No. Serial No.</u>	<u>Registration Date Filing Date</u>
MOISTURESHIELD	1,734,846 74/259,515	11/24/1992 03/26/1992
DREAMWORKS	2,556,508 75/639,826	04/02/2002 02/12/1999
CORNERLOC	2,965,847 76/560,360	07/12/2005 11/14/2003
BUILT FOR LIFE ... AND THE WAY YOU LIVE IT	3,140,130 78/488,244	09/05/2006 09/23/2004
LIFECYCLE	3,120,123 78/676,529	07/25/2006 07/22/2005
FOREST OF THE FUTURE	77/218,029	06/28/2007

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**TRADEMARKS – FOREIGN  
REGISTERED/PENDING**

<u>Country</u>	<u>Mark</u>	<u>Registration No. Serial No.</u>	<u>Registration Date Filing Date</u>
Canada	DREAMWORKS	TMA593,501 1,030,615	10/29/2003 09/29/1999
Mexico	DREAMWORKS	654,383 395,047	05/19/2000 10/14/1999
Mexico	ENGINEERED TO ENDURE	654,384 395,048	05/19/2000 10/14/1999
Mexico	PROVEN PERFORMER	654,385 395,049	05/19/2000 10/14/1999
European Community	CORNERLOC	2,329,688 002,329,688	12/17/2002 08/06/2001
Mexico	CORNERLOC	768,816 0,503,129	11/19/2002 08/22/2001
Canada	CORNERLOC	1,116,287	09/20/2001