

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
MARCAL PAPER MILLS, LLC		05/30/2008	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	NEXBANK, SSB, as Agent
Street Address:	13455 Noel Road
Internal Address:	Suite 2200
City:	Dallas
State/Country:	TEXAS
Postal Code:	75240
Entity Type:	TEXAS STATE SAVINGS BANK:

PROPERTY NUMBERS Total: 46

Property Type	Number	Word Mark
Registration Number:	2122948	KAOFIN
Registration Number:	2523832	KAO-CLEAN
Registration Number:	1089580	WORK FORCE
Registration Number:	1551844	ASPEN
Registration Number:	2305579	AT HOME & IN THE OFFICE
Registration Number:	1027037	BELLA
Registration Number:	0861511	BELLA
Registration Number:	1672586	BUY THE BUNDLE
Registration Number:	1414918	BY THE BUNDLE
Registration Number:	0833704	CAMELLIA
Registration Number:	0847872	CAMELLIA
Registration Number:	1634789	DRAW AND STORE
Registration Number:	1412269	EASY REACH

CH \$1165.00 2122948

Registration Number:	1505884	EMPIRE
Registration Number:	0843719	FLORENTINE
Registration Number:	0866387	FLORENTINE
Registration Number:	0791037	FLUFF OUT
Registration Number:	2261398	FLUFFY
Registration Number:	1757626	MARCALCULATE
Registration Number:	0372674	MARCAL
Registration Number:	0425272	MARCAL
Registration Number:	0501134	MARCAL
Registration Number:	0573133	MARCAL
Registration Number:	0667115	MARCAL
Registration Number:	0949162	MARCAL
Registration Number:	1595334	PAPER FROM PAPER, NOT FROM TREES
Registration Number:	2036006	PAPER FROM PAPER NOT FROM TREES 100%
Registration Number:	1977939	PAPER FROM PAPER NOT FROM TREES 100% RECYCLED WITHOUT CHLORINE BLEACHING
Registration Number:	1627099	PURSE 'N POCKET
Registration Number:	2491129	QUALITY AWAY FROM HOME
Registration Number:	1117267	SERVI-ETAS
Registration Number:	0723888	SNOW LILY
Registration Number:	1036445	SOFPAC
Registration Number:	0348723	SUNRISE
Registration Number:	1237287	SUNRISE
Registration Number:	2010772	WORKFORCE
Registration Number:	1087719	YELLOW ALERT
Registration Number:	2221794	EASY REACH
Registration Number:	1854174	ECOPAC
Registration Number:	0309329	KITCHEN CHARM
Registration Number:	0589555	MARCAL HANKIES
Registration Number:	1265703	POLY-CASE
Registration Number:	0582691	SANI-HANKS
Registration Number:	2179159	SNAPACK
Registration Number:	1847360	WORKFORCE
Registration Number:	2132053	WORKFORCE

Fax Number: (214)200-0853
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 214.651.5665
Email: susan.myers@haynesboone.com
Correspondent Name: Haynes and Boone, LLP
Address Line 1: 901 Main Street
Address Line 2: Suite 3100
Address Line 4: Dallas, TEXAS 75202-3789

ATTORNEY DOCKET NUMBER:	37203.24
NAME OF SUBMITTER:	Randall E. Colson
Signature:	/Randall E. Colson/
Date:	06/02/2008

Total Attachments: 17

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SECOND LIEN TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY
AGREEMENT

This Second Lien Trademark Collateral Assignment and Security Agreement ("**Agreement**") dated as of May 30, 2008, by MARCAL PAPER MILLS, LLC, a Delaware limited liability company ("**Debtor**"), with its chief executive office at Two Galleria Tower, 13455 Noel Road, Suite 800, Dallas, TX 75240, and NEXBANK, SSB, a Texas state savings bank, as Agent (in such capacity, together with its successors and assigns, the "**Agent**"), having an office at 13455 Noel Road, Suite 2200, Dallas, TX 75240.

WITNESSETH:

WHEREAS, Debtor has adopted, has used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, service marks, trade names, trade dress and logos and registrations and applications therefor described in *Schedule A* annexed hereto and made a part hereof; and

WHEREAS, Debtor has entered into financing arrangements with Agent and the financial institutions which are from time to time parties to the Loan Agreement (as hereinafter defined) as lenders (the "**Lenders**") pursuant to which Agent and Lenders may make loans and advances and provide other financial accommodations to Debtor as set forth in the Amended and Restated Secured Second Lien Loan and Security Agreement, dated of even date herewith, by and among Agent, Lenders and Debtor (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "**Loan Agreement**"), together with various other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "**Financing Agreements**"); capitalized terms used but not otherwise defined herein have the meaning specified in the Loan Agreement; and

WHEREAS, in order to induce Agent and Lenders to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Agent, for itself and the ratable benefit of Secured Parties, certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Agent hereby agree as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Agent, for itself and the ratable benefit of Secured Parties, a continuing security interest in and a general lien upon: (a) all of Debtor's now existing or hereafter acquired right, title and interest in and to: all of Debtor's trademarks, trade names, service marks, trade dress and logos; and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including, without limitation, those trademarks,

service marks, trade names, trade dress and logos and registrations and applications described in *Schedule A* hereto (the "**Trademarks**"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and (c) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "**Collateral**").

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Agent, for itself and the ratable benefit of Secured Parties, pursuant to this Agreement shall secure the prompt performance, observance and indefeasible payment in full of any and all loans, indebtedness, liabilities, obligations, covenants and duties of Debtor to Agent or any of the other Secured Parties of every kind, nature and description, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, arising under this Agreement, the Loan Agreement or any of the other Financing Agreements or on account of any Letter of Credit and all other Letter of Credit Obligations, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code or any similar statute (including the payment of interest and other amounts which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, or secured or unsecured (all hereinafter referred to as "**Obligations**").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Agent that (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) Debtor will pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral, to the extent applicable, as valid and subsisting registered service marks or registered trademarks, as the case may be, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder, (ii) the security interests granted pursuant to the First Lien Trademark Collateral Assignment and Security Agreement executed in connection with the Senior Secured First Lien Loan and Security Agreement dated May 30, 2008 by and among Marcal Paper Mills, LLC, a Delaware limited liability company, as borrower, the parties thereto from time to time as lenders, NexBank, SSB, in its capacity as administrative agent for the lenders, and NexBank, SSB, as letter of credit issuer (the "**First Lien Loan Agreement**"), which security interests rank senior to the security interests granted hereunder, and (iii) the licenses permitted under Section 3(e) below.

(c) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, except as permitted herein or in the other Financing Agreements, or otherwise dispose of any of the Collateral, without the prior written consent of Agent. Nothing in this Agreement shall be deemed a consent by Agent to any such action, except as such action is expressly permitted hereunder.

(d) Debtor will, at Debtor's expense, perform all acts and execute all documents reasonably requested at any time by Agent to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Agent to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Agent or as otherwise determined by Agent. Debtor further authorizes Agent to have this or any other similar security agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office with respect to the Collateral.

(e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in **Schedule A** annexed hereto and has not granted any licenses with respect thereto other than as set forth in **Schedule B** hereto.

(f) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Agent five (5) originals of a Special Power of Attorney in the form of **Exhibit I** annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Agent's exercise of the rights and remedies granted to Agent hereunder.

(g) Agent may, in its discretion, pay any reasonable amount or do any act which Debtor fails to pay or do as required hereunder or as reasonably requested by Agent to preserve, defend, protect, maintain, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to all filing or recording fees, court costs, collection charges and reasonable attorneys' fees and legal expenses. Debtor will be liable to Agent for any such payment, which payment shall be deemed an advance by Agent to Debtor, shall be payable on demand together with interest at the highest then applicable rate set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

(h) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, any state thereof, any political subdivision thereof, or any other country, unless Debtor has by thirty (30) days prior written notice informed Agent of such action. Upon request of Agent, Debtor shall execute and deliver to Agent any and all assignments, agreements, instruments, documents and such other papers as may be requested by Agent to evidence the security interests of Agent, for itself and the ratable benefit of Secured Parties, in such Trademark.

(i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable unless Debtor determines that it is in Debtor's best interest to do so and it will not have an adverse effect on Debtor's business. Debtor shall notify Agent immediately if it knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor will render any assistance necessary to Agent in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Agent's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings except where Debtor has determined it is in Debtor's best interest to allow the Trademark registrations to lapse and it will not have an adverse effect on the Collateral or Debtor's business.

(k) Debtor will promptly notify Agent if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark. If requested by Agent, Debtor, at Debtor's expense, shall join with Agent in such action as Agent, in its discretion, may deem advisable for the protection of Agent's interest in and to the Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Agent and each Lender harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(m) Debtor will promptly pay Agent for any and all costs and reasonable expenditures incurred by Agent, pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and reasonable attorneys' fees and legal expenses. Such costs and reasonable expenditures shall be payable on demand, together with interest at the then highest applicable rate set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

As more particularly set forth in the Loan Agreement, all Obligations shall become immediately due and payable, at the option of Agent, upon the occurrence of any one or more defaults or events of default under the Loan Agreement (each an "*Event of Default*" hereunder).

5. RIGHTS AND REMEDIES

Immediately, upon the occurrence of any such Event of Default, and during the continuance thereof, in addition to all other rights and remedies of Agent, whether provided under law, this Agreement, the Loan Agreement, the other Financing Agreements, or otherwise, Agent shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor, except as such notice or consent is expressly provided for hereunder:

(a) Agent may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Agent may make use of any Trademarks on a royalty-free basis for the sale of goods, completion of work-in-process or rendering of services or otherwise in connection with enforcing any other security interest granted to Agent by Debtor or any subsidiary or affiliate of Debtor.

(b) Agent may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Agent shall in its discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Agent may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of ten (10) business days notice to Debtor in the manner set forth in Section 6(b) hereof of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Agent and/or any Lender shall have the power to buy the Collateral or any part thereof, and Agent shall also have the power to execute assurances and perform all other acts which Agent may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to Section 5(c) hereof, Agent may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Power of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Agent on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees and reasonable attorneys' fees and legal expenses.

(e) Agent may first apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral to the costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by Agent. Thereafter, Agent may apply any remaining proceeds to such of the Obligations as Agent may in its discretion determine. Debtor shall remain liable to Agent for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Agent on demand any such unpaid amount, together with interest at a rate equal to the highest rate then payable on the Obligations.

(f) Debtor shall supply to Agent or its designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and rendition of services bearing or sold under the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Agent to take any such action at any time. All of Agent's rights and remedies, whether provided under law, this Agreement, the Loan Agreement, the other Financing Agreements, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. MISCELLANEOUS

(a) Any failure or delay by Agent to require strict performance by Debtor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect Agent's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other

default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Agent, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Agent and directed to Debtor, specifying such waiver.

(b) Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (i) when personally delivered to any officer of the party to whom it is addressed, (ii) on the earlier of actual receipt thereof or five (5) days following posting thereof by certified or registered mail, postage prepaid, return receipt requested, or (iii) upon actual receipt thereof when sent by a recognized overnight delivery service or (iv) upon actual receipt thereof when sent by telecopier to the number set forth below with telephone communication confirming receipt and subsequently confirmed by registered or certified mail, return receipt requested, or by recognized overnight delivery service to the address set forth below, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(A) If to Agent:

NexBank, SSB
13455 Noel Road, Suite 2220
Dallas, TX 75240
Attn: Jeff Scott, Vice President Agency
Services
Phone: (972) 934-4741
Fax: (972) 934-4790

(B) If to Debtor at:

Marcal Paper Mills, LLC
Two Galleria Tower
13455 Noel Road, Suite 800
Dallas, TX 75240
Attention: Chief Executive Officer
Phone.: (201) 703-6218
Fax: (201) 703-6425

With a copy to

Andrei Dorenbaum
c/o Highland Capital Management, L.P.
13455 Noel Road, Suite 800
Dallas, TX 75240
Phone: (972) 628-4100
Fax: (972) 628-4147

(c) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(d) All references to Debtor, Lenders, Secured Parties and Agent herein shall include their respective successors and assigns permitted under the Loan Agreement. All references to the term "person" or "Person" herein shall mean any individual, sole proprietorship, limited partnership, general partnership, corporation (including a business trust), limited liability company, limited liability partnership, unincorporated association, joint stock corporation, trust, joint venture, association, organization or other entity or government or any agency or instrumentality or political subdivision thereof.

(e) This Agreement shall be binding upon Debtor and its successors and assigns, and shall be to the benefit of the Agent and Secured Parties and their respective successors and assigns permitted under the Loan Agreement. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of New York applied to contracts to be performed wholly within the State of New York.

(g) Any judicial proceeding brought by or against Debtor with respect to any of the Obligations, this Agreement or any related agreement may be brought in any court of competent jurisdiction in the State of New York, United States of America, and, by execution and delivery of this Agreement, Debtor 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. Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Debtor at its address set forth in Section 6(b), and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America. 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 Debtor in the courts of any other jurisdiction. Debtor 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 Debtor 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 City of New York, State of New York.

(h) This Agreement and the documents executed concurrently herewith contain the entire understanding between Debtor and Agent and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing, signed by Debtor's and Agent's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Debtor acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the other Financing Agreements and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

(i) EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO 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 EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(j) Reference is made to the Intercreditor Agreement dated as of May 30, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the "***Intercreditor Agreement***"), by and among Agent and NexBank, SSB, a Texas state savings bank, in its capacity as agent pursuant to the First Lien Loan Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Agent and the other Secured Parties hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control.


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IN WITNESS WHEREOF, Debtor and Agent have executed this Agreement as of the day and year first above written.

MARCAL PAPER MILLS, LLC,

By: 
Name: Carl Moore
Title: President

NEXBANK, SSB,
as Agent

By: 
Name: Jeff Scott
Title: Vice President
NexBank, SSB

*Signature Page
Second Lien
Trademark Collateral Assignment and Security Agreement*

**TRADEMARK
REEL: 003786 FRAME: 0828**

STATE OF TEXAS)
)ss.:
COUNTY OF DALLAS)

As of this 11th day of May, 2008, before me personally came Carl Moore, to me known, who being duly sworn, did depose and say, that he is the President of MARCAL PAPER MILLS, LLC, the company described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Managers of said company.



Courtney L. Bishop
Notary Public

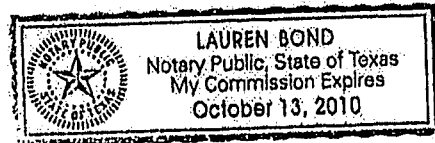
*Second Lien
Trademark Collateral Assignment and Security Agreement*

**TRADEMARK
REEL: 003786 FRAME: 0829**

STATE OF TEXAS)
)ss.:
COUNTY OF DALLAS)

As of this 20th day of May, 2008, before me personally came Jeff Scott, to me known, who, being duly sworn, did depose and say, that he is a Vice President of NEXBANK, SSB, the Texas state savings bank, described in and which executed the foregoing instrument; and that he signed his name thereto on behalf of the company.

Lauren Bond
Notary Public



*Signature Page
Second Lien
Trademark Collateral Assignment and Security Agreement*

**TRADEMARK
REEL: 003786 FRAME: 0830**

SCHEDULE A
TO
SECOND LIEN TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY
AGREEMENT

TRADEMARKS - Domestic

Trademark	Registration Number
KAOFIN	2122948
KAO-CLEAN	2523832
WORKFORCE	1089580
ASPEN	1551844
AT HOME AND IN THE OFFICE	2305579
BELLA	1027037
BELLA	0861511
BUY THE BUNDLE	1672586
BY THE BUNDLE	1414918
CAMELLIA	0833704
CAMELLA & DESIGN	0847872
DRAW AND STORE	1634789
EASY REACH	1412269
EMPIRE	1505884
FLORENTINE	0843719
FLORENTINE	0866387
FLUFF OUT	0791037
FLUFFY	2261398
MARCALULATE	1757626
MARCAL	0372674
MARCAL	0425272
MARCAL	0501134
MARCAL	0573133
MARCAL	0667115
MARCAL	0949162
PAPER FROM PAPER NOT FROM TREES	1595334
PAPER FROM PAPER NOT FROM TREES 100%	2036006
PAPER FROM PAPER NOT FROM TREES 100% RECYCLED WITHOUT CHLORINE BLEACHING	1977939

PAPERPAX	0813473***
PURSE 'N POCKET	1627099
QUALITY AWAY FROM HOME	2491129
SERVI-ETAS	1117267
SNOW LILY	0723888
SOFPAC	1036445
SUNRISE	0348723
SUNRISE	1237287
WORKFORCE	2010772
YELLOW ALERT	1087719
EASY REACH	2221794
ECOPAC	1854174
KITCHEN CHARM	0309329
MARCAL HANKIES	0589555
POLY-CASE	1265703
SANI-HANKS	0582691
SNAPACK & DESIGN	2179159
WORKFORCE	1847360
WORKFORCE	2132053
HUCK	0822890***
M'LADY	0813472***
COMPLIMENTS	1431088***
DECO LEAF	1446365***
DOLLAR-WISE	2112472***
TUXEDO	1443140***

*** Although search results indicate that these trademarks are owned by Marcal Paper Mills, Inc. (as purchased by Marcal Paper Mills, LLC), Marcal Paper Mills, Inc. previously sold such trademarks and no longer has an ownership interest in same.

C. TRADEMARKS - Foreign

Country	Trademark	Registration Number
CA	BELLA	378169
CA	BUY THE BUNDLE	417286
CA	BY THE BUNDLE	381,590
CA	CAMELLIA	381,934

CA	EASY REACH	379636
CA	ECO	389731
CA	ECOPAC	381681
CA	FLORENTINE	379637
CA	FLUFF-IN	380348
CA	FLUFF-OUT	381,683
MX	FLUFFY	
CH	KAOFIN	443205
MX	KAOFIN	531884
CA	KITCHEN CHARM*	390043
CA	MADEIRA*	391136
CA	MARCAL	UCA23213
CA	MARCAL*	UCA24270
CA	MARCAL	388605
DO	MARCAL	91987
EU	MARCAL	548339
IT	MARCAL	850490
CA	MARCAL HANKIES	381,684
CA	PAPER FROM PAPER NOT FROM TREES & DESIGN	516097
MX	PAPER FROM PAPER NOT FROM TREES & DESIGN	574204
CA	POLY-CASE	381,682
CA	PURSE 'N POCKET	398714
CA	SANI-HANKS	TMA375,950
MX	SERVICE	549431
CA	SERVI-ETAS*	378168
CA	SNAPAC*	381,935
CA	SNOW LILY	TMA376,940
CA	SUNRISE	378189
EU	WORKFORCE	000582668
CA	YELLOW ALERT	TMA375,949

*Canadian database shows these trademarks as being expunged for failure to renew.

SCHEDULE B
PERMITTED LIENS AND LICENSES

None.

SPECIAL POWER OF ATTORNEY

STATE OF TEXAS)
)ss.:
COUNTY OF DALLAS)

KNOW ALL MEN BY THESE PRESENTS, that MARCAL PAPER MILLS, LLC ("Debtor"), having an office at Two Galleria Tower, 13455 Noel Road, Suite 800, Dallas, TX 75240, hereby appoints and constitutes, severally, NEXBANK, SSB, as Agent ("Agent"), and each of Agent's officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor at any time after the occurrence and during the continuance of an Event of Default under the Security Agreement (as hereinafter defined):

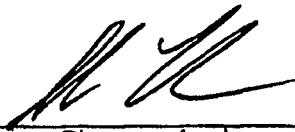
1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Agent, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks, service marks, and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Agent, in its discretion, deems necessary or advisable to further the purposes described in Section 1 hereof.

This Power of Attorney, being a power coupled with an interest, is made pursuant to a Second Lien Trademark Collateral Assignment and Security Agreement between Debtor and Agent, dated as of the date hereof (the "Security Agreement") and may not be revoked until the termination of all "Financing Agreements" and indefeasible payment in full of all Debtor's "Obligations", as each such quoted term is defined in the Security Agreement.

as of May 30, 2008

MARCAL PAPER MILLS, LLC,

By: 
Name: Shawn Lederman
Title: Secretary

*Signature Page
Second Lien
Trademark Collateral Assignment and Security Agreement*

STATE OF TEXAS)
)ss.:
COUNTY OF DALLAS)

As of this 16th day of May, 2008, before me personally came Shawn Lederman, to me known, who being duly sworn, did depose and say, that he is the Secretary of MARCAL PAPER MILLS, LLC, the company described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Managers of said company.



Courtney L. Bishop
Notary Public

*Second Lien
Trademark Collateral Assignment and Security Agreement*