

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

To the director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Lionel L.L.C.

- Individual(s)
- General Partnership
- Corporation-State
- Other: LLC

Citizenship (see guidelines) _____

Execution Date(s) May 1, 2008

Additional names of conveying parties attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Amended and Restated Trademark Collateral Assignment and Security Agreement

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s) See Attached Exhibit A

B. Trademark Registration No.(s) See Attached Exhibit A

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown)

5. Name address of party to whom correspondence concerning document should be mailed:

Name: Susan O'Brien

Internal Address: UCC Direct Services

Street Address: 187 Wolf Road, Suite 101

City: Albany

State: NY

Zip: 12205

Phone Number: 800-342-3676

Fax Number: 800-962-7049

Email Address: cls-udsalbany@wolterskluwers.com

6. Total number of applications and registrations involved: **42**

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$7,065.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers 5683
Expiration Date 11/09

b. Deposit Account Number _____
Authorized User Name: _____

9. Signature:

Signature

5/5/08
Date

Mercedes Farinas

Name of Person Signing

Total number of pages including cover sheet, attachments, and document. **19**

Documents to be recorded (including cover sheet) should be faxed to (703) 306-8996, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

OP \$1065.00 78226487

LIONEL L.L.C.

TRADEMARK REGISTRATIONS

Mark Name	Country	Serial No.	Filing Date	Reg. No.	Reg. Date
400E	United States	76/088,946	14-Jul-00	2549316 [†]	19-Mar-02
A.C. GILBERT CO.	United States	76/130,680	19-Sep-00	2573105 [†]	28-May-02
AMERICAN FLYER	Canada	839584	17-Mar-97	TMA494,638	14-May-98
AMERICAN FLYER	United States	78/222,875	07-Mar-03	2813095 [†]	10-Feb-04
CAB-1	United States	78/232,485	01-Apr-03	2819956 [†]	02-Mar-04
FAT BOY	United States	76/456,910	08-Oct-02	2946459 [†]	03-May-05
GILBERT	Canada	827188	28-Oct-96	TMA520,144	30-Nov-99
GILBERT	United States	75/184,254	21-Oct-96	2194149 [†]	06-Oct-98
GILBERT HALL OF SCIENCE	Canada	827187	28-Oct-96	TMA519,483	17-Nov-99
GILBERT HALL OF SCIENCE	United States	75/184,256	21-Oct-96	2194150 [†]	06-Oct-98
L & DESIGN (STYLIZED L IN A CIRCLE)	Canada	839591	17-Mar-97	TMA494,635	14-May-98
L & DESIGN (STYLIZED L IN A CIRCLE)	Community Trademark	510958	10-Apr-97	510958	28-May-99
L & DESIGN (STYLIZED L IN A CIRCLE)	Germany	39716337.1	13-Apr-97	39716337	16-Jul-97
L & DESIGN (STYLIZED L IN A CIRCLE)	Great Britain	2129239	10-Apr-97	2129239	31-Oct-97
L & DESIGN (STYLIZED L IN A CIRCLE)	United States	72/125,393	04-Aug-61	736342 [†]	21-Aug-62
L & DESIGN (STYLIZED L IN A CIRCLE)	United States	72/131,589	08-Nov-61	742952 [†]	01-Jan-63
L AND DESIGN (LION)	Canada	839590	17-Mar-97	TMA494,636	14-May-98
L LIONEL AND DESIGN	Germany	1.32993/28WZ	13-Dec-89	1167283	06-Nov-90
L LIONEL AND DESIGN	Hong Kong	1811/88	09-Apr-88	4652/1992	17-Nov-92
L LIONEL LARGE SCALE AND DESIGN	United States	73/731,450	31-May-88	1521981 [†]	24-Jan-89
LIONEL	Benelux	527386	13-May-71	30874	13-May-71
LIONEL	Canada	651158	15-Feb-90	TMA393,114	24-Jan-92
LIONEL	Canada	157937	12-Jul-33	TMDA057,246	08-Aug-33

[†] The transfer of trademark registrations for trademarks denoted by † from the Company to Lionel Trademark LLC is being contemplated at closing.

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LIONEL	Community Trademark	510933	10-Apr-97	510933	23-Jun-99
LIONEL	France	138407	20-Jun-89	1626024	20-Jun-89
LIONEL	Germany	L32992/28WZ	13-Dec-89	1167281	06-Nov-90
LIONEL	Great Britain	547375	01-Jan-34	547375	01-Jan-34
LIONEL	Hong Kong	1812/1988	09-Apr-88	2853/1989	09-Apr-88
LIONEL	Italy	RM96C004888	06-Nov-56	759311	01-Sep-98
LIONEL	Japan	034166/1985	03-Apr-85	2007134	18-Dec-07
LIONEL	South Africa	1008/37	12-Aug-37	1008/37	12-Aug-37
LIONEL	United States	78/226,487	17-Mar-03	2825192 [†]	23-Mar-04
LIONEL	United States	78/320,101	29-Oct-03	3131852 [†]	22-Aug-06
LIONEL	United States	71/345,968	12-Jan-34	313353 [†]	22-May-34
LIONEL AND DESIGN	Canada	294750	31-Jan-66	TMA152,924	08-Sep-67
LIONEL CITY	United States	75/165,147	13-Sep-96	2201889 [†]	03-Nov-98
LIONEL L SINCE 1900 AND DESIGN	United States	76/216,535	26-Feb-01	2641950 [†]	29-Oct-02
LIONEL L SINCE 1900 AND DESIGN	United States	75/337,172	07-Aug-97	2355674 [†]	06-Jun-00
LIONEL LEGENDARY TRAINS AND DESIGN	United States	75/337,258	07-Aug-97	2468080 [†]	10-Jul-01
LIONEL LINES	Canada	839587	17-Mar-97	TMA522,234	26-Jan-00
LIONEL LINES	United States	75/165,078	13-Sep-96	2207490 [†]	01-Dec-98
LIONEL ROUTE 66	United States	75/165,076	13-Sep-96	2253979 [†]	15-Jun-99
LIONEL SINCE 1900 AND DESIGN	United States	76/387,180	26-Mar-02	2680647 [†]	28-Jan-03
LIONELVILLE	Canada	839588	17-Mar-97	TMA494,637	14-May-98
LIONELVILLE	United States	76/462,705	29-Oct-02	2758658 [†]	02-Sep-03
LIONELVILLE AND DESIGN	United States	78/345,034	23-Dec-03	3003674 [†]	04-Oct-05
LIONMASTER	United States	75/637,671	05-Feb-99	2494754 [†]	02-Oct-01
LOCKON	United States	76/387,125	26-Mar-02	2708957 [†]	22-Apr-03
MAGNE-TRACTION (STYLIZED)	United States	71/599,710	24-Jun-50	574511 [†]	19-May-53
MAGNIVISION	United States	76/278,633	29-Jun-01	2651493 [†]	19-Nov-02
MISCELLANEOUS DESIGN (BLUE AND ORANGE)	United States	76/042,329	26-Apr-01	2679526 [†]	28-Jan-03
ODYSSEY	United States	75/469,033	16-Apr-98	2482776 [†]	28-Aug-01
POSI-LOCK	United States	73/730,281	23-May-88	1536513 [†]	25-Apr-89
POWERMASTER	United States	75/165,149	13-Sep-96	2207491 [†]	01-Dec-98
POWERMAX	United States	78/890,266	23-May-06	3403449 [†]	25-Mar-08
POWERSTATION-POWERHOUSE	United States	75/529,594	03-Aug-98	2,521,500 [†]	25-Dec-01
PULLMOR	United States	78/232,506	01-Apr-03	2819957 [†]	02-Mar-04
RAILSOUNDS	United States	76/395,868	15-Apr-02	2711066 [†]	29-Apr-03
ROUTE 66	Canada	839589	17-Mar-97	TMA508,894	05-Mar-99
STANDARD O	United States	78/400,217	12-Apr-04	3034452 [†]	27-Dec-05
STANDARD OF THE	United States	75/899,926	21-Jan-00	2601928 [†]	30-Jul-02

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WORLD					
SUPER "O"	United States	78/211,834	06-Feb-03	3169314 [†]	07-Nov-06
TMCC	United States	76/404,278	06-May-02	2704293 [†]	08-Apr-03
TRAINMASTER	United States	76/387,740	26-Mar-02	2876069 [†]	24-Aug-04
TRAINSOUNDS	United States	78/449,400	12-Jul-04	3276273 [†]	07-Aug-07
TRAINS 'N TRUCKIN'	United States	73/096,576	13-Aug-76	1,070,302 [†]	26-Jul-77
ZW	United States	75/751,551	15-Jul-99	2385344 [†]	12-Sep-00

PENDING TRADEMARK APPLICATIONS

Mark Name	Country	Serial No.	Filing Date	Reg. No.	Reg. Date
LIONEL LEGACY CONTROL SYSTEM (stylized and/or with design)	United States	77/194,648 [†]	31-May-07		

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[EXECUTION]

**AMENDED AND RESTATED
TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT**

THIS AGREEMENT ("Agreement"), dated May 1, 2008, is by and between Lionel L.L.C., a New York limited liability company ("Debtor"), with its chief executive office at 171 Madison Avenue, 11th Floor, New York, New York 10016, and Wachovia Bank, National Association, a national banking association ("Secured Party"), having an office at 1133 Avenue of the Americas, New York, New York 10036.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, tradenames, terms, designs and applications therefor described in Exhibit A hereto and made a part hereof; and

WHEREAS, Secured Party and Debtor have entered or are about to enter into financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor as set forth in the Amended and Restated Loan and Security Agreement, dated of even date herewith, by and among Secured Party, Debtor, Liontech Company, a Michigan corporation, Lionel Holdings LLC, a Delaware limited liability company, Lionel Trademark LLC, a Delaware limited liability company, The Creative Train Company, LLC, a California limited liability company and Liontech Trains LLC, a Delaware limited liability company (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and 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, together with the Loan Agreement, 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"); and

WHEREAS, in order to induce Secured Party 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 Secured Party 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 hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the full and final payment and performance of all of the Obligations (as such term is defined in the Loan Agreement), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: (i) all of Debtor's trademarks, tradenames, tradestyles and service marks and all applications for registration, registrations and recordings relating to the foregoing as may at any time be filed in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any political subdivision thereof, including, without limitation, the trademarks, terms, designs and applications described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any trademarks, tradenames, tradestyles and service marks, and all reissues, extensions, continuation and renewals thereof (all of the foregoing being collectively referred to herein as the "Trademarks"); and (ii) all prints and labels on which such trademarks, tradenames, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; (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; (c) all present and future license and distribution agreements (subject to the rights of the licensors therein) pertaining to the Trademarks; (d) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all licenses at any time entered into in connection therewith; (e) the right to sue for past, present and future infringements thereof; (f) all rights corresponding thereto throughout the world; and (g) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Debtor against third parties for past or future infringement of the Trademarks.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the full and final payment and performance of all of the Obligations.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

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

(a) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor has good, valid and merchantable title to all existing Collateral, and the right and power to grant the security interest granted hereunder. Debtor shall, at Debtor's expense, perform all acts and execute all documents reasonably necessary to maintain the existence of the Collateral consisting of registered Trademarks as registered trademarks and to maintain the existence of all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications, provided, however, that Debtor shall not be required to take any such action with respect to any Trademark if (A) in Debtor's good faith business judgment, there is a reasonable and valid business reason for taking or omitting to take such action and (B) the taking or omitting to take such action would not have or reasonably be expected to have a Material Adverse Effect. The Collateral is not subject to any liens, claims, mortgages, assignments,

licenses, security interests or encumbrances of any nature whatsoever, except: (i) liens, claims, mortgages, licenses, security interests and encumbrances granted hereunder and pursuant to the Loan Agreement and the other Financing Agreements, (ii) the liens, claims, mortgages, assignments, licenses, security interests and encumbrances permitted under the Loan Agreement, and (iii) the licenses permitted under Section 3(e) below or under the Loan Agreement and set forth in Exhibit B hereto.

(b) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents reasonably requested at any time by Secured Party 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 Secured Party to file one or more financing statements (or similar documents) with respect to the Collateral. Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office.

(c) 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, any State thereof or any political subdivision thereof, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(d) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder, provided, that Secured Party agrees that it shall not exercise any power or authority granted under the Power of Attorney unless an Event of Default has occurred and is continuing.

(e) Subject to Section 7.8 of the Loan Agreement, Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, reasonable attorneys' fees and legal expenses. Debtor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

(f) 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 or any political subdivision thereof, unless Debtor has given Secured Party prompt written notice of such action. If, after the date hereof, Debtor shall (i) obtain any registered trademark or tradename, or apply for any such registration in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, or any political subdivision thereof, or (ii) become the owner of any trademark registrations or applications for trademark registration used in the United States, any State thereof, or any

political subdivision thereof, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party any and all agreements, instruments, documents and such other papers as may be reasonably requested by Secured Party to evidence the security interest in such Trademark in favor of Secured Party.

(g) Other than as permitted under Section 3(a) hereof, 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, except to the extent permitted under the Loan Agreement. Debtor shall notify Secured Party promptly if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Trademarks may become abandoned, canceled, invalidated, avoided, or avoidable.

(h) Debtor shall render any assistance, as Secured Party shall determine is reasonably necessary, to Secured Party 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, any State thereof, or any political subdivision thereof, to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings subject to Section 9.7(b)(viii) of the Loan Agreement.

(i) To the Debtor's knowledge on the date hereof, no material infringement or unauthorized use presently is being made of any of the Trademarks that would adversely affect in any material respect the fair market value of the Collateral or the benefits of this Agreement granted to Secured Party, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party hereunder. Except as disclosed pursuant to the Loan Agreement, there has been no judgment holding any of the Trademarks invalid or unenforceable, in whole or part nor is the validity or enforceability of any of the Trademarks presently being questioned in any litigation or proceeding to which Debtor is a party. Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design which infringes on any Trademark in any material respect or is likely to cause confusion with any Trademark in any material respect. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(j) Debtor assumes all responsibility and liability arising from the use of the Trademarks (unless it is determined by a final and non-appealable judgment or court order binding on Secured Party, that the losses were the result of acts or omissions constituting Secured Party's gross negligence or willful misconduct) and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any 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 subsidiary thereof) unless it is determined by a final and non-appealable judgment or court order binding on Secured Party, that the losses were the result of acts or omissions constituting Secured Party's gross negligence or willful misconduct. The

foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.

(k) Debtor shall promptly pay Secured Party for any and all expenditures made by Secured Party 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 expenditures shall be payable on demand, together with interest at the rate then applicable to the Obligations set forth in the Financing Agreements and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

The occurrence or existence of any Event of Default under the Loan Agreement or any of the other Financing Agreements is referred to herein individually as an "Event of Default" and collectively as "Events of Default".

5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party 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) Secured Party may require that neither Debtor nor any subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Secured Party may make use of any Trademarks 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 Secured Party by Debtor or any subsidiary of Debtor or for such other reason as Secured Party may determine.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party 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) Secured Party 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) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party 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 the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application for registration, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party 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. Debtor agrees that Secured Party has no obligation to preserve rights to the Trademarks against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all reasonable legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations pursuant to the Loan Agreement. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to the Obligations set forth in the Loan Agreement.

(f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture, sale and distribution of the products and services bearing 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 Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under this Agreement, the other Financing Agreements, applicable law, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS: GOVERNING LAW

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York, but excluding any principles of conflicts of law or other rule of law that would cause the application of the law of any jurisdiction other than the laws of the State of New York.

(b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York in New York County and the United States District Court for the Southern District of New York, as Lender may elect, and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Debtor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and

agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) Debtor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at Secured Party's option, by service upon Debtor in any other manner provided under the rules of any such courts. Within forty-five (45) days after such service, Debtor shall appear in answer to such process, failing which Debtor shall be deemed in default and judgment may be entered by Secured Party against Debtor for the amount of the claim and other relief requested.

(d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor: Lionel L.L.C.
171 Madison Avenue, 11th Floor
New York, New York 10016
Attention: Scott Turkington
Chief Financial Officer
Telephone No.: (586) 949-4100x1227
Telecopy No.: (586) 949-3340

with a copy to: Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Nancy R. Finkelstein, Esq.
Telephone No.: (212) 756-2419
Telecopy No.: (212) 593-5955
Email: nancy.finkelstein@srz.com

If to Secured Party: Wachovia Bank, National Association
1133 Avenue of the Americas
New York, New York 10036
Attention: Portfolio Manager
Telephone No.: (212) 840-2000
Telecopy No.: (212) 545-4490

(b) All references to Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and permitted assigns. All references to Debtor pursuant to the definitions set forth in the recitals hereto shall include its successors and permitted assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 11.3 of the Loan Agreement. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited

liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof. All references to the plural herein shall also mean the singular and to the singular shall also mean the plural.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

(f) This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall have the same force and effect as the delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile shall also deliver an original executed counterpart, but the failure to do so shall not affect the validity, enforceability or binding effect of this Agreement.

(g) In the event of any conflict between the terms of the Term Loan Intercreditor Agreement and this Agreement or any of the other Financing Agreements, the Term Loan Intercreditor Agreement shall govern.

8. ACKNOWLEDGMENT AND RESTATEMENT

(a) Lionel L.L.C., as debtor-in-possession ("Lionel") has granted to Secured Party a security interest in, lien upon and pledge of, the Collateral as set forth in the Patent Collateral Assignment and Security Agreement, dated January 28, 2005, between Lionel and Secured Party (the "Existing Agreement"). Lionel has emerged from bankruptcy pursuant to the Plan and the Confirmation Order (as each such term is defined in the Loan Agreement).

(b) Debtor hereby expressly assumes, adopts and ratifies the Existing Agreement and acknowledges, confirms and agrees that: (i) Debtor as the survivor of the Merger is and shall continue to be unconditionally liable in all respects for all of the Obligations pursuant to the

Existing Agreement, without offset, defense or counterclaim of any kind, nature or description whatsoever, (ii) the security interest in and lien upon the Collateral in favor of Secured Party and the perfection and priority thereof shall continue upon the Collateral in all respects in full force and effect, (iii) Secured Party has and shall continue to have security interests in and liens upon all of the Collateral heretofore granted to Secured Party pursuant to the Existing Agreement to secure the Obligations, as well as any Collateral granted hereunder or under the other Financing Agreements granted to or held by Secured Party, (iv) the agreements and obligations of Debtor contained in the Existing Agreement constitute the legal, valid and binding obligations of Debtor enforceable against Debtor in accordance with its respective terms, (v) Secured Party is entitled to all of the rights and remedies provided for in the Existing Agreement and (vi) the security interests in and liens upon the Collateral of Secured Party are and shall be deemed to be continuously granted and perfected from the earliest date of the granting and perfection of such liens and security interests, whether hereunder, under the other Financing Agreements or the Existing Agreement.

(c) Except as otherwise stated in Section §(b) hereof and this Section §(c), as of the date hereof, the terms, conditions, covenants, agreements, representations and warranties set forth in the Existing Agreement are hereby replaced and superseded in their entirety by the terms, conditions, covenants, agreements, representations and warranties set forth in this Agreement and the other Financing Agreements, except that nothing contained herein or in the other Financing Agreements shall impair or adversely affect the continuation of the liability of Debtor for the Obligations heretofore incurred during the Chapter 11 Cases and the security interests, liens and other interests in the Collateral heretofore granted, pledged and/or assigned by Lionel (including during the Chapter 11 Cases), as predecessor to Debtor or otherwise, to Secured Party. The amendment and restatement contained herein shall not, in any manner, be construed to constitute payment of, or impair, limit, cancel or extinguish, or constitute a novation in respect of, the indebtedness and other obligations and liabilities of Debtor evidenced by or arising under the Existing Agreement, and the liens and security interests securing such indebtedness and other obligations and liabilities, which shall not in any manner be impaired, limited, terminated, waived or released.

(d) Debtor, for itself and its successors and assigns, does hereby remise, release, discharge and hold Secured Party, its officers, directors, agents and employees and their respective predecessors, successors and assigns harmless from all claims, demands, debts, sums of money, accounts, damages, judgments, financial obligations, actions, causes of action, suits at law or in equity, of any kind or nature whatsoever, whether or not now existing or known, which Debtor or its respective successors or assigns has had or may now or hereafter claim to have against Secured Party or its officers, directors, agents and employees and their respective predecessors, successors and assigns in any way arising from or connected with the Existing Agreement or the arrangements set forth therein or transactions thereunder up to and including the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____

Title: _____

LIONEL L.L.C.

By: _____

Title: _____

[A&R Trademark Agreement - Lionel]

TRADEMARK
REEL: 003791 FRAME: 0127

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

WACHOVIA BANK, NATIONAL
ASSOCIATION

By: _____

Title: _____

LIONEL L.L.C.

By: *S. Turkington*
S. TURKINGTON

Title: CEO

[A&R Trademark Agreement - Lionel]

**EXHIBIT A
TO
AMENDED AND RESTATED TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

See attached.

EXHIBIT C
TO
AMENDED AND RESTATED TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF _____)
) ss.:
COUNTY OF _____)

KNOW ALL MEN BY THESE PRESENTS, that Lionel L.L.C. ("Debtor"), having an office at 171 Madison Avenue, 11th Floor, New York, New York 10016, hereby appoints and constitutes, severally, Wachovia Bank, National Association ("Secured Party"), and each of its 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:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, 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 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 Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark Collateral Assignment and Security Agreement, dated of even date herewith, between Debtor and Secured Party (the "Security Agreement") and is subject to the terms and provisions thereof. This Power of Attorney, being coupled with an interest, is irrevocable until all "Obligations", as such term is defined in the Security Agreement, are paid in full and the Security Agreement is terminated in writing by Secured Party.

Dated: May __, 2008

LIONEL L.L.C.

By: _____

Title: _____

STATE OF _____)
) ss.:
COUNTY OF _____)

On this ____ day of May 2008, before me personally came _____, to me known, who being duly sworn, did depose and say, that he is the _____ of Lionel L.L.C., 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.

Notary Public