

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
American Pad & Paper LLC		11/24/2008	LIMITED LIABILITY COMPANY: DELAWARE

RECEIVING PARTY DATA

Name:	Medi Limited
Street Address:	Boundary Hall, Cricket Square
Internal Address:	P.O. Box 1111
City:	Grand Cayman
State/Country:	CAYMAN ISLANDS
Postal Code:	KY1-1102
Entity Type:	LIMITED LIABILITY COMPANY: CAYMAN ISLANDS

PROPERTY NUMBERS Total: 33

Property Type	Number	Word Mark
Registration Number:	2284117	ACCUFILE
Registration Number:	1027904	AMPAD
Registration Number:	0801895	CITADEL
Registration Number:	1472269	CONFIDENTIAL
Registration Number:	1639070	DUAL-PAD
Registration Number:	0654473	EFFICIENCY
Registration Number:	1444074	EMBASSY
Registration Number:	1517994	EMBASSY
Registration Number:	0796402	EVIDENCE
Registration Number:	2251459	EXTREME COLORS
Registration Number:	1186672	GOLD FIBRE
Registration Number:	1629147	GREEN CYCLE
Registration Number:	1696038	GREEN CYCLE

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Registration Number:	1669893	
Registration Number:	0436206	LETTEREX
Registration Number:	2246161	
Registration Number:	1411275	NOTE-PERFECT
Registration Number:	2200752	PC PAPERS
Registration Number:	3096352	SOFT SCENES
Registration Number:	1424802	STIFF BACK
Registration Number:	2783304	STYLE FOLDER
Registration Number:	1323236	WIRELOCK
Registration Number:	2400949	REGAL MILLS
Registration Number:	2589057	AMPAD
Registration Number:	2069367	POP PAPERS
Registration Number:	2172992	ACCUPAD
Serial Number:	76645675	WORK WISER NOT HARDER
Serial Number:	78142680	ENVIROTECH
Serial Number:	78319113	TUFF PAD
Serial Number:	76674791	TAKKONS
Serial Number:	76674792	TAKKERS
Serial Number:	78394542	EEE EXCEEDING EXPECTATIONS EVERY DAY AMPAD
Serial Number:	76655954	SAFE SEAL

CORRESPONDENCE DATA

Fax Number: (212)556-2222
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 212-556-2100
Email: Linfield-harm@kslaw.com, lshea@kslaw.com
Correspondent Name: Lisa Infield-Harm
Address Line 1: 1185 Avenue of the Americas
Address Line 4: New York, NEW YORK 10036

ATTORNEY DOCKET NUMBER:	05241.039103
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DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

NAME OF SUBMITTER:	Lizette Shea
Signature:	/Lizette Shea/
Date:	12/10/2008

Total Attachments: 21

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ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, THE LIENS AND SECURITY INTERESTS GRANTED HEREIN, THE EXERCISE OF ANY RIGHT OR REMEDY WITH RESPECT THERETO, AND CERTAIN OF THE RIGHTS OF MEDI LIMITED OR ITS SUCCESSORS AND ASSIGNS HEREUNDER, UNDER THE MURABAHA AGREEMENT (AS DEFINED BELOW), AND ANY OF THE OTHER TRANSACTION DOCUMENTS (AS DEFINED BELOW), ARE SUBJECT TO THE PROVISIONS OF THAT CERTAIN INTERCREDITOR AGREEMENT DATED AS OF NOVEMBER 24, 2008, (AS AMENDED, RESTATED, SUPPLEMENTED, OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "INTERCREDITOR AGREEMENT"), BY AND BETWEEN WELLS FARGO FOOTHILL, INC., AS SENIOR COLLATERAL AGENT, AND MEDI LIMITED, AS JUNIOR AGENT AND JUNIOR PARTY. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THE INTERCREDITOR AGREEMENT AND THIS TRADEMARK SECURITY AGREEMENT, THE TERMS OF THE INTERCREDITOR AGREEMENT SHALL GOVERN AND CONTROL.

TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT** (this "*Agreement*"), dated as of November 24, 2008 is made by **AMERICAN PAD & PAPER LLC**, a Delaware limited liability company ("*Debtor*"), in favor of **Medi Limited**, a limited liability company organized in the Cayman Islands ("*Medi*") for the benefit of Funding Company (as defined below) (in such capacity, together with its successors and assigns, "*Agent*"), with reference to the following:

WHEREAS, Debtor and Medi are entering into that certain Murabaha Facility Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "*Murabaha Agreement*") pursuant to which Funding Company (as defined below) will make available to Debtor a murabaha facility of up to \$3,835,122.15, subject to certain increases and reductions as more particularly described therein;

WHEREAS, to induce Funding Company (as defined below) to enter into the Murabaha Agreement and other agreements and documents ancillary thereto, Debtor desires to pledge, grant, transfer, and assign Agent, for the benefit of Funding Company, a security interest in the Trademark Collateral (as hereinafter defined) to secure the Obligations (as hereinafter defined), as provided herein.

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and each intending to be bound hereby, Agent and Debtor agree as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Murabaha Agreement. As used in this Agreement, the following terms shall have the following meanings:

“**Agent**” has the meaning set forth in the recitals hereto.

“**Agreement**” has the meaning set forth in the preamble hereto, and any joinders, extension, riders, supplements, notes, amendments or modifications to or in connection hereof.

“**Bankruptcy Code**” means the United States Bankruptcy Code (11 U.S.C. § 101 et seq.), as amended, and any successor statute.

“**Debtor**” has the meaning set forth in the recitals hereto.

“**Event of Default**” has the meaning set forth in Section 8.

“**First Priority Lien**” means any Lien created under the Senior Financing Documents, which Lien shall be senior in all respects and prior to any Lien created under this Agreement.

“**Funding Company**” means Medi, in its capacity as “Funding” (as defined in the Murabaha Agreement) and its successors and assigns.

“**Intercreditor Agreement**” means that certain Intercreditor Agreement, dated as of November 24, 2008, by and between Senior Collateral Agent and Medi, as Junior Agent and Junior Party (each as defined therein), and acknowledged and agreed to by Debtor and Ampad Holdings Corporation, as amended, restated, supplemented, or otherwise modified from time to time.

“**Medi**” has the meaning set forth in the recitals hereto.

“**Murabaha Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Murabaha Documents**” means the Murabaha Agreement and any and all other documents and agreements including, without limitation, acknowledgments and consents with respect thereto, assignments thereof and exhibits thereto, delivered in connection with the Murabaha Agreement, all as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**Obligations**” has the meaning set forth in the Security Agreement.

“**Proceeds**” means whatever is receivable or received from or upon the sale, lease, license, collection, use, exchange or other disposition, whether voluntary or involuntary, of any Trademark Collateral, including “proceeds” as such term is defined in the UCC, and all proceeds of proceeds. Proceeds shall include (i) any and all accounts, chattel paper, instruments, general intangibles, cash and other proceeds, payable to or for the account of Debtor, from time to time in respect of any of the Trademark Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of Debtor from time to time with respect to any of the Trademark Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Trademark

Collateral by any Person acting under color of governmental authority, and (iv) any and all other amounts from time to time paid or payable under or in connection with any of the Trademark Collateral or for or on account of any damage or injury to or conversion of any Trademark Collateral by any Person.

“*PTO*” means the United States Patent and Trademark Office and any successor thereto.

“*Record*” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“*Secured Party*” means, individually and collectively, each of Funding Company and Agent.

“*Security Agreement*” means that certain Security Agreement dated as of the date hereof by and between Debtor and Agent.

“*Senior Collateral Agent*” means Wells Fargo Foothill, Inc., as collateral agent for Project Paper, Inc., a Delaware corporation.

“*Senior Financing Documents*” means, collectively, as the same may be amended, supplemented, restated or otherwise modified from time to time, (i) the Second Amended and Restated Working Capital Murabaha Agreement, dated as of November 24, 2008 (the “Senior Murabaha Agreement”), by and among Project Paper, Inc., a Delaware corporation, Debtor, Senior Collateral Agent, Arcapita Investment Funding Limited, a Cayman Islands limited liability company, and AIA Limited, a Cayman Islands limited liability company, and (ii) the Murabaha Documents (as defined in the Senior Murabaha Agreement).

“*Trademark Collateral*” has the meaning set forth in Section 2.

“*Trademarks*” has the meaning set forth in Section 2.

“*Transaction Documents*” means this Agreement and the Murabaha Documents.

“*UCC*” means the Uniform Commercial Code as in effect from time to time in the State of New York.

“*United States*” and “*U.S.*” each mean the United States of America.

(b) Terms Defined in UCC. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(c) Interpretation. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term “including” is not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement refer to this Agreement as

a whole and not to any particular provision of this Agreement. Section, subsection, clause, schedule, and exhibit references are to this Agreement unless otherwise specified. All of the exhibits or schedules attached to this Agreement shall be deemed incorporated herein by reference. Any reference in this Agreement or in any of the other Transaction Documents to this Agreement or to any of the other Transaction Documents shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth therein). In the event of a direct conflict between the terms and provisions of this Agreement and the Murabaha Agreement, it is the intention of the parties hereto that both such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of the Murabaha Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of Debtor and supplemental rights and remedies in favor of Agent, in each case in respect of the Trademark Collateral, shall not be deemed a conflict with the Murabaha Agreement. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein shall be satisfied by the transmission of a Record and any Record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein. The captions and headings are for convenience of reference only and shall not affect the construction of this Agreement. References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending or replacing the statute or regulation referred to.

2. Security Interest.

(a) Grant of Security in respect of the Obligations. To secure the prompt payment and performance of the Obligations, Debtor hereby grants to Agent, for the benefit of Secured Party, a continuing security interest in all of Debtor's right, title and interest in and to the following property, whether now existing or hereafter acquired or arising and whether registered or unregistered (collectively, the "Trademark Collateral"):

(i) all state (including common law) and federal trademarks, service marks and trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and other indicia of source, now existing or hereafter adopted or acquired, together with and including all licenses therefor held by Debtor, and all registrations and recordings thereof, and all applications filed or to be filed in connection therewith, including registrations and applications in the PTO, any state of the United States (but excluding each application to register any trademark, service mark, or other mark prior to the filing under applicable law of a verified statement of use (or the equivalent) for such trademark or service mark) and all extensions or renewals thereof, including without limitation any of the foregoing identified on Schedule A hereto (as the same may be amended, modified or supplemented from time to time), and the right (but not the obligation) to register claims under any state or federal trademark law or regulation and to apply for, renew and extend any of the same, to sue or bring opposition

or cancellation proceedings in Debtor's name or in the name of Agent for past, present or future infringement or unconsented use thereof, and all rights arising therefrom throughout the world (collectively, the "Trademarks");

(ii) all claims, causes of action and rights to sue for past, present or future infringement or unconsented use of any Trademarks and all rights arising therefrom and pertaining thereto;

(iii) all general intangibles related to or arising out of any of the Trademarks and all the goodwill of Debtor's business symbolized by the Trademarks or associated therewith; and

(iv) all Proceeds of any and all of the foregoing.

(b) Continuing Security Interest. Debtor hereby agrees that this Agreement shall create a continuing security interest in the Trademark Collateral which shall remain in effect until terminated in accordance with Section 18.

(c) Licenses. Debtor may grant licenses of the Trademark Collateral in accordance with the terms of the Murabaha Agreement or otherwise as agreed to by Agent in writing.

3. Further Assurances; Appointment of Agent as Attorney-in-Fact. Debtor at its expense shall execute and deliver, or cause to be executed and delivered, to Agent for the benefit of Secured Party any and all documents and instruments, in form and substance reasonably satisfactory to Agent, and take any and all action, which Agent, in the exercise of its discretion, may request from time to time, to perfect and continue the perfection or to maintain the priority of, or provide notice of the security interest in the Trademark Collateral held by Agent for the benefit of Secured Party and to accomplish the purposes of this Agreement. If Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Agent in accordance with the foregoing, Agent shall have the right, subject to the terms of the Intercreditor Agreement, in the name of Debtor or otherwise, without notice to or assent by Debtor, and Debtor hereby irrevocably constitutes and appoints Agent (and any of Agent's officers or employees or agents designated by Agent) as Debtor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of Debtor on all or any of such documents or instruments and perform all other acts that Agent in the exercise of its discretion deems necessary in order to perfect or continue the perfection of, maintain the priority or enforceability of or provide notice of the security interest in the Trademark Collateral held by Agent for the benefit of Secured Party, and (ii) to execute any and all other documents and instruments, and to perform any and all acts and things for and on behalf of Debtor, which Agent, in the exercise of its discretion, may deem necessary or advisable to maintain, preserve and protect the Trademark Collateral and to accomplish the purposes of this Agreement, including (A) to defend, settle, adjust or institute any action, suit or proceeding with respect to the Trademark Collateral, (B) to assert or retain any rights under any license agreement for any of the Trademark Collateral, and (C) to execute any and all applications, documents, papers and instruments for Collateral Agent to use the Trademark Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Trademark Collateral, and to assign, convey or

otherwise transfer title in or dispose of the Trademark Collateral. The power of attorney set forth in this Section 3, being coupled with an interest, is irrevocable so long as this Agreement shall not have terminated in accordance with Section 18; provided that the foregoing power of attorney shall terminate when all of the Obligations have been fully and finally paid and performed in full and Agent's obligation to extend credit under the Transaction Documents is terminated.

4. Representations and Warranties. Debtor represents and warrants, in each case to the best of its knowledge, information, and belief, as follows:

(a) No Other Trademarks. Schedule A sets forth a true and correct list of all of Debtor's existing Trademarks (other than abandoned Trademarks) that are registered, or for which any application for registration has been filed with the PTO or any corresponding or similar trademark office of any other U.S. jurisdiction, and that are owned or held (whether pursuant to a license or otherwise) by Debtor.

(b) Trademarks Subsisting. Each of Debtor's Trademarks listed in Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of Debtor's knowledge, each of the Trademarks set forth on Schedule A is valid and enforceable.

(c) Ownership of Trademark Collateral; No Violation. To the best of Debtor's knowledge, (i) Debtor owns or has rights in and good and defensible title to the Trademark Collateral which is listed on Schedule A, (ii) Debtor is the sole and exclusive owner of the Trademark Collateral listed on Schedule A, free and clear of any Liens and rights of others (other than the First Priority Liens granted to the Senior Collateral Agent pursuant to the Senior Financing Documents and Permitted Liens (as defined in the Senior Financing Documents), nonexclusive licenses and liens set forth in Schedule A), including any exclusive licenses and covenants by Debtor not to sue third persons, and (iii) with respect to any material Trademarks for which Debtor is either a licensor or a licensee pursuant to a license or licensing agreement regarding such Trademark, each such license or licensing agreement is in full force and effect, Debtor is not in material default of any of its obligations thereunder, and (A) other than the parties to such licenses or licensing agreements, or (B) in the case of any non-exclusive license or license agreement entered into by Debtor or any such licensor regarding such Trademark, the parties to any other such non-exclusive licenses or license agreements entered into by Debtor or any such licensor with any other Person, no other Person has any rights in or to any of the Trademark Collateral. To the best of Debtor's knowledge, the past, present and contemplated future use of the Trademark Collateral by Debtor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other Person or give any such Person the right to terminate any such right, privilege or license agreement.

(d) No Infringement. To the best of Debtor's knowledge, (i) no material infringement or unauthorized use presently is being made of any of the Trademark Collateral by any Person, and (ii) the past, present, and contemplated future use of the Trademark Collateral by Debtor has not, does not and will not materially infringe upon or materially violate any right, privilege, or license arrangement of or with any other Person or give such Person the right to terminate any such license arrangement.

(e) Powers. Debtor has the unqualified right, power and authority to pledge and to grant to Agent, for the benefit of Secured Party, security interests in the Trademark Collateral pursuant to this Agreement, and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person except as already obtained.

(f) No holding, decision or judgment has been rendered by any Governmental Authority which would materially limit, cancel and question the validity of any Trademark of the Debtor.

(g) No action or proceeding is pending which seeks to limit, cancel or question the validity of any Trademark of the Debtor in any material respect, or which, if adversely determined, would have a material adverse effect on the value of any such Trademark.

(h) All applications pertaining to the Trademarks of the Debtor have been duly and properly filed, and all registrations pertaining to such Trademarks have been duly and properly issued, and all of such Trademarks are valid and enforceable.

(i) Debtor has not made or entered into any assignment or agreement which is in conflict with the security interest of the Trademarks of the Debtor hereunder.

5. Covenants. So long as any of the Obligations remain unsatisfied, Debtor agrees: (i) that it will comply in all material respects with all of the covenants, terms and provisions of this Agreement and the other Transaction Documents, and (ii) upon learning of an event that could reasonably be expected to have a material adverse effect on any of the Trademarks and the Trademark Collateral, including any petition under the Bankruptcy Code filed by or against any licensor of any of the Trademarks for which Debtor is a licensee, it will promptly give Agent written notice of such event. Debtor shall:

(a) (i) Continue to use each material Trademark in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain the same level of quality for products and services offered under each Trademark as maintained in the past, (iii) employ such Trademark with the appropriate notice of registration, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Agent, for the benefit of Funding Company, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material Trademark may become invalidated.

(b) Promptly notify the Agent if it knows, or has reason to know, that any application or registration relating to any material Trademark may become abandoned, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court or tribunal in Canada or in any other country) regarding Debtor's ownership of any such Trademark or its right to register the same or to keep, maintain and use the same.

(c) Take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, or any similar office or agency in Canada or in any other country or any political subdivision thereof, to maintain and pursue each application, to obtain the relevant registration and to maintain the registrations for each of the Trademarks, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability, except to the extent that the failure to do so could not reasonably be expected to have a material adverse effect.

(d) Promptly notify the Agent and Funding Company after it learns that any Trademark included in the Collateral is infringed, misappropriated or diluted by a third party to an extent that could reasonably be expected to have a material adverse effect and promptly sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution, or take such other actions as it shall reasonably deem appropriate under the circumstances to protect such Trademark.

(e) Not make or enter into any assignment or agreement in conflict with the security interest in the Trademarks of Debtor hereunder.

Notwithstanding the foregoing, in the event that notices of abandonment are not issued by the United States Patent and Trademark Office with respect to the registered Trademarks “LETTER EDGE” (Registration No. 1,306,998) and “SHADE” (Registration No. 854,633) (the “Excluded Marks”) as of the date of this Agreement, the covenants set forth in Sections 5(a)(i) and 5(c) above shall not apply to such Excluded Marks.

6. Future Rights. For so long as any of the Obligations shall remain outstanding, or, if earlier, until Agent shall have released or terminated, in whole but not in part, its interest in the Trademark Collateral, if and when Debtor shall obtain rights to any new Trademarks, or any reissue or renewal with respect to registered Trademarks or extension of any Trademarks, the provisions of Section 2 shall automatically apply thereto and Debtor shall give to Agent prompt notice thereof. Debtor shall do all things deemed necessary by Agent in the exercise of its discretion to ensure the validity, perfection, priority and enforceability of the security interests of Agent in any such future acquired Trademark Collateral. If Debtor refuses to execute and deliver, or fails timely to execute and deliver, any of the documents it is requested to execute and deliver by Agent in connection herewith, Debtor hereby authorizes Agent to, subject to the terms of the Intercreditor Agreement, modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on Debtor’s behalf and as its attorney-in-fact to include any future Trademarks which are or become Trademark Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

7. Duties of Agent and Funding Company. Notwithstanding any provision contained in this Agreement, neither the Agent nor Funding Company shall have any duty to exercise any of the rights, privileges or powers afforded to it and shall not be responsible to Debtor or any other Person for any failure to do so or delay in doing so. Neither of Agent nor Funding Company shall have any duty or liability to exercise or preserve any rights, privileges or

powers pertaining to the Trademark Collateral other than the exercise of commercially reasonable behavior in accordance with applicable law.

8. Events of Default. The occurrence of an Event of Default (as such term is defined in the Murabaha Agreement) shall each constitute an “Event of Default” hereunder.

9. Remedies. Subject to the terms of the Intercreditor Agreement, from and after the occurrence and during the continuation of an Event of Default, Agent shall have all rights and remedies available to it under the Murabaha Agreement or the Security Agreement and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Trademark Collateral. Debtor hereby agrees that such rights and remedies include the right of Agent, on behalf of Secured Party, to sell or otherwise dispose of the Trademark Collateral after default, pursuant to the UCC. Debtor hereby agrees that Agent shall at all times have such royalty-free licenses, to the extent permitted by law and the Transaction Documents, for any Trademark Collateral that is reasonably necessary to permit the exercise of any of Agent’s rights or remedies upon or after the occurrence of (and during the continuance of) an Event of Default with respect to (among other things) any tangible asset of Debtor in which Agent has a security interest, including Agent’s rights to sell inventory, tooling or packaging which is acquired by Debtor (or its successor, assignee or trustee in bankruptcy). In addition to and without limiting any of the foregoing, subject to the terms of the Intercreditor Agreement, upon the occurrence and during the continuance of an Event of Default, Agent shall have the right but shall in no way be obligated to bring suit, or to take such other action as Agent, in the exercise of its discretion, deems necessary, in the name of Debtor or Agent, to enforce or protect any of the Trademark Collateral, in which event Debtor shall, at the request of Agent, do any and all lawful acts and execute any and all documents required by Agent necessary to such enforcement. To the extent that Agent shall elect not to bring suit to enforce such Trademark Collateral, Debtor, in the exercise of its reasonable business judgment, agrees to (a) use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violation thereof by others and (b) diligently to maintain any action, suit or proceeding against any Person necessary to prevent such infringement, misappropriation or violation.

10. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor and Agent for the benefit of Secured Party and its respective successors and assigns.

11. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Murabaha Agreement.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, except to the extent that the validity or perfection of the security interests hereunder in respect of the Trademark Collateral are governed by federal law, in which case such choice of New York law shall not be deemed to deprive Agent of such rights and remedies as may be available under federal law.

13. Entire Agreement; Amendment. This Agreement and the other Transaction Documents, together with the Schedules hereto and thereto, contains the entire agreement of the

parties with respect to the subject matter hereof and supersede all prior drafts and communications relating to such subject matter. Neither this Agreement nor any provision hereof may be modified, amended or waived except by the written agreement of the parties to this Agreement. Notwithstanding the foregoing, Agent may reexecute this Agreement or modify, amend or supplement the Schedules hereto as provided in Section 6 hereof.

14. Severability. If one or more provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party shall, to the fullest extent permitted by applicable law, not invalidate or render illegal or unenforceable any such provision in any other jurisdiction or with respect to any other party, or any other provisions of this Agreement.

15. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

16. Transaction Documents. Debtor acknowledges that the rights and remedies of Agent with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Murabaha Agreement and the other Transaction Documents and all such rights and remedies are cumulative.

17. No Inconsistent Requirements. Debtor acknowledges that this Agreement and the other Transaction Documents may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

18. Termination. Upon the payment and performance in full of the Obligations, including the cash collateralization, expiration, or cancellation of all Obligations, if any, consisting of letters of credit, and the full and final termination of any commitment to extend any financial accommodations under the Transaction Documents, this Agreement shall terminate, and Agent shall execute and deliver such documents and instruments and take such further action reasonably requested by Debtor, at Debtor's expense, as Debtor shall reasonably request to evidence termination of the security interest granted by Debtor to Agent for the benefit of Secured Party hereunder, including cancellation of this Agreement by written notice from Agent to the PTO.

19. Intercreditor Agreement.

(a) In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control.

(b) So long as the Senior Collateral Agent is acting as bailee and as agent for perfection on behalf of the Agent pursuant to the terms of the Intercreditor Agreement, any obligation of Debtor in this Agreement that requires delivery of Trademark Collateral to, or the possession or control of Trademark Collateral with, the Agent, shall be deemed complied with and satisfied if such delivery of Trademark Collateral is made to, or such possession or control of Trademark Collateral is with, Senior Collateral Agent.

[signature page follows]

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

DEBTOR:

AMERICAN PAD & PAPER LLC,
a Delaware limited liability company

By Edward Byrne
Name: Edward Byrne
Title: Vice President & CFO

SCHEDULE A

Trademarks of Debtor

CANADA

ISSUED TRADEMARKS/SERVICE MARKS

Registration No. 398,616 - Registered on May 29, 1992

EMBASSY (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: May 29, 2007 / May 29, 2022

Registration No. TMA437,504 - Registered on December 30, 1994

EVERGREEN (Class 16)

Applicant: SCM Office Supplies, Inc.
Assignee: American Pad & Paper LLC
Renewal due: December 30, 2009

Registration No. TMA 577,492 - Registered on March 14, 2003

MISCELLANEOUS DESIGN (new Ampad logo) (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: March 14, 2018

MEXICO

ISSUED TRADEMARKS/SERVICE MARKS

Registration No. 751,578 - Registered on June 26, 2002

AMPAD (Class 16)

Applicant: American Pad & Paper LLC
Assignee: American Pad & Paper LLC

Registration No. 751,544 - Registered on June 26, 2002

MISCELLANEOUS DESIGN (new Ampad logo) (Class 16)

Applicant: American Pad & Paper LLC
Assignee: American Pad & Paper LLC
Renew Date: May 4, 2011

UNITED KINGDOM/EUROPE

ISSUED TRADEMARKS/SERVICE MARKS

Registration No. 1,267,536- Registered on August 8, 1988

(United Kingdom) A AND DESIGN

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: May, 20, 2007 / did not renew

Registration No. A1,267,535 - Registered on May 26, 1986

(Great Britain) AMPAD (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: May 20, 2007 / old mark did not renew

UNITED STATES OF AMERICA

ISSUED TRADEMARKS/SERVICE MARKS

Registration No. 2,284,117 - Registered on October 5, 1999

ACCUFILE (Class 16)

Applicant: American Pad & Paper Company of Delaware Inc.
Assignee: American Pad & Paper LLC
Renewal due: October 5, 2009

Registration No. 1,027,904 - Registered on December 23, 1975

AMPAD (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: December 23, 2015

Registration No. 801,895 - Registered on January 11, 1966

CITADEL (Class 16)

Applicant: American Pad & Paper Company
Assignee: American Pad & Paper LLC
Renewal due: January 11, 2006 / did not renew

Registration No. 1,472,269 - Registered on January 12, 1988

CONFIDENTIAL (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: January 12, 2008 / January 12, 2018

Registration No. 1,639,070 - Registered on March 26, 1991

DUAL-PAD (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: March 26, 2011

Registration No. 654,473 - Registered on November 12, 1957

EFFICIENCY (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: November 12, 2007 / November 12, 2017

Registration No. 1,444,074 - Registered on June 23, 1987

EMBASSY (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: June 23, 2007 / June 23, 2017

Registration No. 1,517,994 - Registered on December 27, 1988

EMBASSY (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: December 27, 2008 / paperwork started for renew

Registration No. 796,402 - Registered on September 21, 1965

EVIDENCE (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: September 21, 2015

Registration No. 2,251,459 - Registered on June 8, 1999

EXTREME COLORS (Class 16)

Applicant: American Pad & Paper Company of Delaware Inc.
Assignee: American Pad & Paper LLC
Renewal due: June 8, 2009

Registration No. 1,186,672 - Registered on June 8, 1999

GOLD FIBRE (Class 16)

Applicant: American Pad & Paper Company
Assignee: American Pad & Paper LLC
Renewal due: January 19, 2012

Registration No. 1,629,147 - Registered on December 25, 1990

GREEN CYCLE (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC

Renewal due: December 25, 2010

Registration No. 1,696,038 - Registered on June 23, 1992

GREEN CYCLE (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: June 23, 2012

Registration No. 1,669,893 - Registered on December 24, 1991

GREEN CYCLE and design (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: December 24, 2011

Registration No. 436,206- Registered on January 27, 1948

LETTEREX (Class 16)

Applicant: Allied Paper Incorporated
Assignee: American Pad & Paper LLC
Renewal due: January 27, 2008 / did not renew

Registration No. 2,246,161 - Registered on May 18, 1999

MISCELLANEOUS DESIGN (Fleur-de-lis) (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: May 18, 2009

Registration No. 1,411,275 - Registered on September 30, 1986

NOTE PERFECT (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: September 30, 2016

Registration No. 2,200,752 - Registered on October 27, 1998

PC PAPERS (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: October 27, 2008 / October 27, 2018

Registration No. 3096352- Registered on December 19, 2000

SOFT SCENES (Class 16)

Applicant: American Pad & Paper Company of Delaware Inc.
Assignee: American Pad & Paper LLC
Renewal Date: Between May 23, 2011 and May 23, 2012, Ampad must file a declaration showing that the mark is in use or that its nonuse is excusable.

First mark (Registration # 2,414,179) was abandoned, then refilled

Registration No. 1,424,802 - Registered on January 13, 1987

STIFF BACK (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: January 13, 2007 / did not renew

Registration No. 2,783,304- Registered on November 11, 2003

STYLE FOLDER (Class 16)

Applicant: American Pad & Paper LLC
Renewal due: November 11, 2013

Registration No. 1,323,236 - Registered on March 5, 1985

WIRELOCK (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: March 5, 2015

Registration No. 2,400,949 - Registered on October 31, 2000

REGAL MILLS (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: October 31, 2010

Registration No. 2,589,057 - Registered on July 2, 2002

MISCELLANEOUS DESIGN (new Ampad logo) (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: July 2, 2012

Registration No. 2,069,367 - Registered on June 10, 1997

POP PAPERS (Class 16)

Applicant: Williamhouse-Regency of Delaware, Inc.
Assignee: American Pad & Paper LLC
Renewal due: June 10, 2007 / did not renew

Registration No. 2,172,992 - Registered on July 14, 1998

ACCUPAD (Class 16)

Applicant: American Pad & Paper Company of Delaware Inc.
Assignee: American Pad & Paper LLC
Renewal due: July 14, 2008

Serial No. 76/645675 – Filed August 29, 2005

WORK WISER NOT HARDER Class (16)

Goods: Logo for writing products
Applicant: American Pad & Paper LLC
Status: Allowed

UNITED STATES OF AMERICA

PENDING TRADEMARKS/SERVICE MARKS

Serial No. 78/142,680 - Filed on July 10, 2002/ STILL PENDING

ENVIROTECH (Class 16)

Applicant: American Pad & Paper LLC

Serial No. 78/319,113 – Filed on October 27, 2003 / PENDING

TUFF PAD (Class 16)

Goods: Writing Pads, Planning Pads and Portfolios

Applicant American Pad & Paper LLC

Status: Awaiting First Office Action

Serial No. TBD – Filed on March 6, 2007

TAKKONS (Class 16)

Goods: Self Adhesive tacky strips

Applicant American Pad & Paper LLC

Status: Awaiting First Office Action

Serial No. TBD – Filed on March 6, 2007

TAKKERS (Class 16)

Goods: Self Adhesive tacky spots

Applicant: American Pad & Paper LLC

Status: Awaiting First Office Action

Serial No. 78/394542 – Filed on April 1, 2004

EXCEEDING EXPECTATIONS EVERY DAY Class (16)

Goods: LOGO - Writing paper, forms, drawing paper, construction paper

Applicant: American Pad & Paper LLC

Status: Registered / January 10, 2006

Serial No. 76/655954 – Filed on March 2, 2006

SAFESEAL Class (16)

Goods: Envelopes

Applicant American Pad & Paper LLC

Status: October 23, 2012

Serial No. 1273010 – Filed September 22, 2005 (CANADA)

WORK WISER NOT HARDER Class (16)

Goods: Logo for writing products

Applicant: American Pad & Paper LLC

Status: Pending

Registration No. 2,589,057- Registered on June 24, 2008

AMPAD and designs (Class 16)

Applicant: American Pad & Paper Company of Delaware Inc.

Assignee: American Pad & Paper LLC

Renewal due: Pending

CLOSED, ABANDONED OR EXPIRED TRADEMARKS

Registration No. 1,233,554 – Registered on April 5, 1983

THE AMPAD (Class 16)

Applicant: American Pad & Paper Company

Assignee: American Pad & Paper LLC

Renewal due: April 5, 2003

Status: Canceled on January 1, 2004 for failure to file Renewal

Registration No. 348,544 - Registered on November 3, 1986

(Switzerland) AMPAD (Class 16)

Applicant: Ampad Corporation

Assignee: American Pad & Paper LLC

Renewal due: May 21, 2006

Registration No. 1,416,631 - Registered on November 11, 1986

COMPUSSETTE (Class 16)

Applicant: Ampad Corporation

Assignee: American Pad & Paper LLC

Renewal due: November 11, 2006

Registration No. 744,093 – Registered on January 22, 1963

EFFICIENCY SWIFTY RASE BOND

Applicant: American Pad & Paper Company

Assignee: American Pad & Paper LLC

Renewal due: January 22, 2003

Status: Cancelled on October 25, 2003 for failure to file Renewal

Registration No. 528,604 - Registered on March 30, 1999

(European Community) EVIDENCE (Class 16)

Applicant: Ampad Corporation

Assignee: American Pad & Paper LLC

Renewal due: May 6, 2007

Status: Abandoned per client letter (8/16/01).

No Serial No.

EVIDENCE (Class 16)

Applicant: American Pad & Paper Company of Delaware, Inc.

Status: Closed, application not filed.

Registration No. 2,063,934 – Registered on May 20, 1997

JET-COAT and Design

Applicant: Shade / Allied Inc.
Assignee: American Pad & Paper LLC
Renewal due: §§ 8 and 15 filing due May 20, 2003; renewal due May 20, 2007
Status: §§ 8 and 15 not filed; will be canceled

Registration No. 771,898 - Registered on June 23, 1964

K and design (Class 16)

Applicant: Kimberly-Clark Corporation
Assignee: American Pad & Paper LLC
Renewal due: June 23, 2004

Registration No. 1,347,784 - Registered on July 9, 1985

LEFT*WRITE (Class 16)

Goods: Notebooks
Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: July 9, 2005

Registration No. 1,306,998 - Registered on November 27, 1984

LETTER EDGE (Class 16)

Applicant: Allied Paper Incorporated
Assignee: American Pad & Paper LLC
Renewal due: November 27, 2004

Registration No. 854,633 - Registered on August 13, 1968

SHADE (Class 16)

Applicant: Shade Business Forms, Inc.
Assignee: American Pad & Paper LLC
Renewal due: August 13, 2008

Registration No. 1,228,839 – Registered on February 22, 1983

THE STIFF ONE

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: February 22, 2003
Status: Canceled on November 29, 2003 for failure to file Renewal

Registration No. 752,130- Registered on July 2, 1963

WIREMASTER (Class 16)

Applicant: American Pad & Paper Company
Assignee: American Pad & Paper LLC
Renewal due: July 2, 2003
Status: Renewal not filed / Will be canceled

Registration No. 1,928,410 - Registered on October 17, 1995

WORLD FIBRE (Class 16)

Applicant: Ampad Corporation
Assignee: American Pad & Paper LLC
Renewal due: October 17, 2005

Registration No. 1,340,657 - Registered on June 11, 1985

Applicant: SCM Corporation
Assignee: American Pad & Paper LLC
Renewal due: June 11, 2005

2) Ampad Holding

None.

3) Mexican Subsidiaries

None.