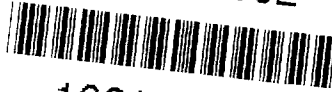


07-11-2002

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002)



SHEET U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

JLY

102152217

To the Honorable Commissioner of Patents and Trademarks, Please

send original documents or copy thereof.

1. Name of conveying party(ies): Quehanna Tile Company 4789 West Chester Pike Newtown Square, PA 19073

2. Name and address of receiving party(ies): Name: GE Capital CFE, Inc. Internal Address: Street Address: 83 Wooster Heights Road City: Danbury State: CT ZIP: 06810

3. Nature of conveyance: [X] Security Agreement [X] Other Power of Attorney Execution Date: May 24, 2002

[X] Corporate-State Delaware

4. Application number(s) or registration number(s): A. Trademark Application No.(s) B. Trademark registration No.(s): 2547506; 1259999

5. Name and address of party to whom correspondence concerning document should be mailed: Name: Joel C. Trotter, Esquire Internal Address: Stradley Ronon Stevens & Young, LLP Street Address: 2600 One Commerce Square City: Philadelphia State: PA ZIP: 19103

6. Total number of applications and registrations involved: 2 7. Total fee (37 CFR 3.41): \$ 80.00 [X] Enclosed [] Authorized to be charged to deposit account 8. Deposit account number: NOT APPLICABLE

9. Statement and signature. To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Joel C. Trotter, Esquire Signature Date June 24, 2002

07/10/2002 DBYRNE 00000202 2547506 40.00 OP 25.00 OP

Total number of pages comprising cover sheet: 1 Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

Refund Ref: 07/10/2002 DBYRNE 000010678 \$15.00 CHECK Refund Total:

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT, dated as of May 24, 2002, is made by QUEHANNA TILE COMPANY, a Delaware corporation ("Quehanna") in favor of GE CAPITAL CFE, INC., a Delaware corporation ("Lender").

WITNESSETH:

WHEREAS, pursuant to that certain Amended and Restated Loan and Security Agreement dated as of the date hereof by and between Permagraain Products, Inc. ("Permagraain") and Lender (as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), Lender has agreed to make the Loans and to incur Letter of Credit Obligations for the benefit of Permagraain; and

WHEREAS, as a condition to Lender making the Loans and incurring Letter of Credit Obligations for the benefit of Permagraain, Quehanna has guaranteed the payment and performance of Permagraain's obligations under the Loan Agreement; and

WHEREAS, Lender is willing to make the Loans and to incur the Letter of Credit Obligations as provided for in the Loan Agreement, but only upon the condition, among others, that Quehanna (the "Grantor") shall have executed and delivered to Lender this Intellectual Property Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor, intending to be legally bound, hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in Schedule A to the Loan Agreement.

2. GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY COLLATERAL. To secure the complete and timely payment of all the Obligations of Grantor now or hereafter existing from time to time, Grantor hereby pledges and grants to Lender a continuing first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Intellectual Property Collateral"):

(a) all of its Patents and Patent Licenses to which it is a party including those referred to on Schedule I hereto;

(b) all of its Trademarks and Trademark Licenses to which it is a party including those referred to on Schedule II hereto;

(c) all of its Copyrights and Copyright Licenses to which it is a party including those referred to on Schedule III hereto;

(d) all reissues, continuations or extensions of the foregoing;

(e) all goodwill of the business connected with the use of, and symbolized by, each Patent, each Patent License, each Trademark, each Trademark License, each Copyright and each Copyright License; and

(f) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Patent or Patent licensed under any Patent License, (ii) injury to the goodwill associated with any Patent or any Patent licensed under any Patent License, (iii) infringement or dilution of any Trademark or Trademark licensed under any Trademark License, (iv) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License, (v) infringement or dilution of any Copyright or Copyright licensed under any Copyright License, and (vi) injury to the goodwill associated with any Copyright or any Copyright licensed under any Copyright License.

3. REPRESENTATIONS AND WARRANTIES. Grantor represents and warrants that Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Schedule I, Schedule II and Schedule III, respectively, hereto. This Intellectual Property Security Agreement is effective to create a valid and continuing Lien on and, upon the filing hereof with the United States Patent and Trademark Office and the United States Copyright Office, perfected security interests in favor of Lender in all of Grantor's Patents, Trademarks and Copyrights and such perfected security interests are enforceable as such as against any and all creditors of, and purchasers from, Grantor. Upon filing of this Intellectual Property Security Agreement with the United States Patent and Trademark Office and the United States Copyright Office and the filing of appropriate financing statements listed on Disclosure Schedule (6.1) to the Loan Agreement, all action necessary or desirable to protect and perfect Lender's Lien on Grantor's Patents, Trademarks and Copyrights shall have been duly taken.

4. COVENANTS. Grantor covenants and agrees with Lender that from and after the date of this Intellectual Property Security Agreement and until the Termination Date:

(a) Grantor shall notify Lender immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(b) In no event shall Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Lender prior written notice thereof, and, upon request of Lender, Grantor shall execute and deliver a supplement hereto (in form and substance satisfactory to Lender) to evidence Lender's Lien on such Patent, Trademark or Copyright, and the General Intangibles of Grantor relating thereto or represented thereby.

(c) Grantor shall take all actions necessary or requested by Lender to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents or Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Intellectual Property Collateral is infringed upon, or misappropriated or diluted by a third party, Grantor shall notify Lender promptly after Grantor learns thereof. Grantor shall, unless it shall reasonably determine that such Intellectual Property Collateral is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Lender shall deem appropriate under the circumstances to protect such Intellectual Property Collateral.

5. SECURITY AGREEMENT. The security interests granted pursuant to this Intellectual Property Security Agreement are granted in conjunction with the security interests granted to Lender pursuant to the Loan Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Lender with respect to the security interest in the Intellectual Property Collateral made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

6. REINSTATEMENT. This Intellectual Property Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.


7. NOTICES. Whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Intellectual Property Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Loan Agreement.

8. TERMINATION OF THIS SECURITY AGREEMENT. Subject to Section 6 hereof, this Intellectual Property Security Agreement shall terminate upon the Termination Date.

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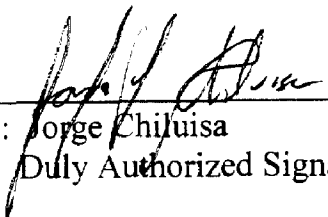
IN WITNESS WHEREOF, Grantor has caused this Intellectual Property Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

QUEHANNA TILE COMPANY

By: 
Name: Dr. A.E. Witt
Title: President

ACCEPTED and ACKNOWLEDGED by:

GE CAPITAL CFE, INC.

By: 
Name: Jorge Chiluisa
Title: Duly Authorized Signatory

SCHEDULE I
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. PATENT REGISTRATIONS

<u>Patent</u>	<u>Reg. No.</u>	<u>Date</u>
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NONE

II. PATENT APPLICATIONS

<u>Patent</u>	<u>Application No.</u>	<u>Date</u>
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NONE

III. PATENT LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties</u>
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NONE

SCHEDULE II
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. TRADEMARK REGISTRATIONS

	<u>Mark</u>	<u>Reg. No.</u>	<u>Date</u>
1.	Smart Flooring	#2547506	March 12, 2002
2.	Permetage	#1259999	December 6, 1983

II. TRADEMARK APPLICATIONS

<u>Mark</u>	<u>Application No.</u>	<u>Date</u>
NONE		

III. TRADEMARK LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties</u>
NONE		

SCHEDULE III
to
INTELLECTUAL PROPERTY SECURITY AGREEMENT

I. COPYRIGHT REGISTRATIONS

<u>Copyright</u>	<u>Reg. No.</u>	<u>Date</u>
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NONE

II. COPYRIGHT APPLICATIONS

<u>Copyright</u>	<u>Application No.</u>	<u>Date</u>
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NONE

III. COPYRIGHT LICENSES

<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties</u>
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NONE