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Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

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

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

New K & Company LLC

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other Delaware limited liability company

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)

Name: Bank One, N.A.

Internal Address:

Address:

Street Address: 100 East Broad Street

City: Columbus State: OH Zip: 43217-0171

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other National banking association

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 1/14/04

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) 78268254

B. Trademark Registration No.(s) 2,376,273

Additional number(s) attached Yes No

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

Name: Laing P. Akers

Internal Address:

Street Address: 41 S. High Street, Suite 1300

City: Columbus State: OH Zip: 43215

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 3.41) \$ 65

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Laing P. Akers

Name of Person Signing

Laing P. Akers

Signature

March 3, 2004

Date

Total number of pages including cover sheet, attachments, and document: 22

03/19/2004 LHWELLER 00000080 78268254

01 FC:8521 02 FC:8522

40.00 OP 25.00 OP

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

TRADEMARK REEL: 002935 FRAME: 0440

**COPYRIGHT COLLATERAL AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

On this 14th day of January, 2004, NEW K & COMPANY LLC, a Delaware limited liability company ("Assignor"), with its principal place of business and mailing address at 8500 N.W. River Park Drive, Pillar #136, Parkville, Missouri 64152, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, mortgages, pledges and grants to BANK ONE, N.A. ("Assignee") under that certain Security Agreement Re: Patents, Trademarks and Copyrights by and between Assignor and Assignee dated of even date herewith (the "Security Agreement"), with its mailing address at 100 East Broad Street, Columbus, Ohio 43217-0171, a continuing security interest in the following property:

(i) Each patent, patent registration and patent application (to the extent permitted by applicable law) listed on Schedule A-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such patent, patent registration and patent application; and

(ii) Each patent license listed on Schedule A-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such patent license; and

(iii) Each trademark, trademark registration and trademark application (to the extent permitted by applicable law) listed on Schedule B-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such trademark, trademark registration and trademark application; and

(iv) Each trademark license listed on Schedule B-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such trademark license; and

(v) Each copyright, copyright registration and copyright application (to the extent permitted by applicable law) listed on Schedule C-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such copyright, copyright registration and copyright application; and

(vi) Each copyright license listed on Schedule C-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such copyright license; and

(vii) All proceeds of the foregoing, including without limitation any claim by Assignor against third parties for damages by reason of past, present or future infringement of any item listed in the attached Schedules hereto or by reason of injury to the goodwill associated with any such patent, patent registration, patent application or patent license, trademark, trademark registration, trademark application or trademark

license, copyright, copyright registration, copyright application or copyright license in each case together with the right to sue for and collect said damages;

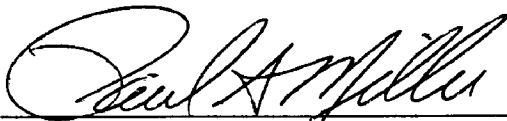
to secure performance of all Secured Obligations of Assignor as set out in the Security Agreement.

Assignor does hereby further acknowledge and affirm that the rights and remedies of Assignee with respect to the mortgage, pledge and security interest in the patents, patent registrations, patent applications or patent licenses, trademarks, trademark registrations, trademark applications or trademark licenses, copyrights, copyright registrations, copyright applications or copyright licenses made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[No further text on this page; signature page follows]

IN WITNESS WHEREOF, Assignor has caused this Agreement to be duly executed as of the date and year first above written.

NEW K & COMPANY LLC,
a Delaware limited liability company

By: 
Paul A. Miller, Vice President

BANK ONE, N.A.

By: 
Mark Slayman, Vice President

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11440.00348

TRADEMARK
REEL: 002935 FRAME: 0443

STATE OF OHIO)
) SS
COUNTY OF FRANKLIN)

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Paul A. Miller, Vice President of NEW K & COMPANY LLC, a Delaware limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 14th day of January, 2004.

(NOTARIAL SEAL)



LAING P. AKERS
Attorney at Law
Notary Public, State of Ohio
My Commission Has No Expiration
Section 147.03 R.C.

Laing P. Akers
Notary Public

Laing P. Akers
(Type or Print Name)

STATE OF OHIO)
) SS
COUNTY OF FRANKLIN)

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Mark Slayman, Vice President of BANK ONE, N.A., a national banking association, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 14th day of January, 2004.

(NOTARIAL SEAL)

Laing P. Akers
Notary Public

My Commission Expires:  Commission Has No Expiration
Section 147.03 R.C.

Laing P. Akers

SCHEDULE A-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

**U.S. Patent Numbers
and Pending U.S. Patent Application Numbers**

A. Patents and Patent Applications

Issued Patents - United States:

Description	Patent No.	Issued
Custom Display System	5,918,398	7/6/99
Custom Display and Storage System	6,460,279	10/8/02

Pending Applications for Patents - United States:

Description	Appl. No.	Date Filed
Customizable Display	60/442,452	1/25/03
Customizable Frame	60/507,906	9/30/03

SCHEDULE A-2

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Patent Licenses

None

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**TRADEMARK
REEL: 002935 FRAME: 0447**

SCHEDULE B-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

**Registered U.S. Trademarks
and Trademark Applications**

Registered Trademarks - United States:

Mark	Registration No.	Registration Date
Frame A Name	2,376,273	8/8/00

Pending Trademark Applications - United States:

Mark	Appl. No.	Registration Date
Daisy Hill	78/268,254	6/27/03
Marcella by Kay	Appl not filed yet	See note (1)
Junk it Up	Appl not filed yet	See note (2)
La Boutique	Appl not filed yet	See note (3)
Studio K	Appl not filed yet	See note (4)

- (1) Product line not yet in use; no applications for registration have been filed.
- (2) New mark to be included in 2004 catalogue; potential conflict with prior registered mark JUNKITZ
- (3) Proposed new mark; potential conflict with SCRAPBOUTIQUE.
- (4) Clearance search has not been performed

SCHEDULE B-2

TO SECURITY AGREEMENT RE: PATENTS, TRADEMARKS AND COPYRIGHTS

Trademark Licenses

K & Company uses several marks, theme names and/or titles that may be considered property of licensed artists or other suppliers to K & Company:

- SOUND OF MEMORIES – possible mark of provider for voice recording products
- Brenda Walton – licensed artist
- Tim Coffey – licensed artist
- Peggy Jo Ackley – licensed artist (potentially owns CUDDLY FRIENDS mark)

K & Company has permission to use the military insignias from the U.S. Army, Navy, Air Force and Marines on its military products.

B-2-1

SCHEDULE C-1

**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS**

Registered U.S. Copyrights and Copyright Applications

Registered Copyrights - United States:

Scrapbook layouts in the Kay Stanley book by Sterling Publishing, and in K & Company's idea booklets and other promotional materials. These layouts are provided to seller by various designers, who receive a fee from K & Company and who own the related copyrights.

Fabrics/wallpaper. Many of K & Company's designs (i.e. paper, stickers, and albums) use artwork from antique fabrics and wallpaper designs. Seller often purchases these fabrics and wallpapers from antique dealers. Seller believes that this artwork is in the public domain or that any related copyrights have expired.

Copyright Applications - United States:

None.

C-1-1

Columbus/361429.1
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**TRADEMARK
REEL: 002935 FRAME: 0450**

SCHEDULE C-2**TO SECURITY AGREEMENT
RE: PATENTS, TRADEMARKS AND COPYRIGHTS****Licenses Granted to Borrower of Intellectual Property Used in the Business**

1. Micro Soft Great Plains ERP Software. GL, AP/PUR, AR/CRM, INV and SOP modules.
2. Lease of Bolt-On Solutions' Clippership and Pack Verify Software.
3. The following Designer, Artist and College/University Contracts:

License Agreements with Designers:

DESIGNER NAME	CONTRACT DATE	STATUS
Pamela Gladding	11/07/2003	Active
Maret Hensick (ME)	09/24/2003	Active
Sudi McCollum (CA)	09/30/2003	Active
Tracey Niehues (MO)	07/01/2003	Active
Eleanor Rahim (UK)	09/06/2003	Active
Brenda Walton (CA)	03/01/2002	Active
Peggy Jo Ackley (CA)	06/18/2001	Active
Elizabeth Brownd	Oral agreement	Active
Tim Coffey	Oral agreement	Active
Pole Position Publishing LTD	09/1/1999	Active
Hugh Lauter Levin & Associates, Inc.	07/10/03	Active

License Agreements with Artists:

ARTISTS NAME	CONTRACT DATE	STATUS
Jennifer Ditterich (MN)	04/22/2003	Active
Ruth Atkin Giauque (AZ)	06/05/2003	Active
Patricia Gutierrez (CA)	04/22/2003	Active
Kelly Keller (OH)	04/22/2003	Active
Tracey Niehues (MO)	09/22/2003	Active
Cathryn Oliver (CA)	12/08/2003	Active
Debbie Turner (SC)	04/22/2003	Active

License Agreements with Colleges and Universities:

NAME	CONTRACT DATE	STATUS
The Collegiate Licensing Company	02/21/2003	Active
Licensing Resource Group, Inc	03/28/2003	Active
Fort Hays State University	10/14/2003	Active
University of Southern California	08/15/2003	Active
Advanced Research and Technology Institute, Inc.	10/21/1996	Active
University of Georgia	03/25/2003	Active

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The University of Iowa	02/11/2003	Active
Iowa State University Research Foundation, Inc.	09/01/2002	Active
Mississippi State University	12/01/2003	Active
University of Southern Mississippi	08/21/2003	Active
Michigan State University	10/27/2003	Active
The Ohio State University	10/22/2002	Active
Oregon State University	Nonexclusive agreement	Active
University of Oregon	10/24/2002	Active