



**EXHIBIT 1****LIST OF PATENTS**

<b><u>Patents</u></b>		
<b><u>Title</u></b>	<b><u>Serial No.</u></b>	<b><u>Date of Filing</u></b>
Breast Implant	5,545,217	August 13, 1996
Woven Grommet Structure for Canvas-like Materials	5,419,376	May 30, 1995
Fire-resistant Strap Fabric, Article and Method; Flexible Web of Heat and Fire resistant Fabric Having Reflective Particles and Transparent Glass Beads Bonded by Adhesive Coating	4,755,407	July 5, 1988
Grounding Strap and Fabric and Method	4,664,158	May 12, 1987
Flexible Reflex-Reflective Article Having Undulant Surface and method of Making the Same; Embedding Spheres in Adhesive, curing to Shrink and Deform	4,272,564	June 9, 1981
Decorative Balloon Structure	4,976,649	December 11, 1990
Method of Forming Pulp Bales with Dissolvable PVA Baling Strap Material	5,066,363	November 19, 1991
Elastic Self-Extinguishing Strap Material	5,098,756	March 24, 1992

**SECURITY AGREEMENT  
(PATENTS)**

SECURITY AGREEMENT (PATENTS AND PATENT LICENSES) (this "Agreement"), dated as of February 16, 1999, between C.M. OFFRAY & SON, INC. ("Assignor"), a New York corporation with an office at Route 24, Chester, NJ 07930, and NATIONSCREDIT COMMERCIAL CORPORATION, through its NATIONSCREDIT COMMERCIAL FUNDING DIVISION ("Assignee"), a Delaware corporation with an office at 1177 Avenue of the Americas, New York, New York 10036.

**W I T N E S S E T H:**

WHEREAS, Assignee, Assignor and Lion Ribbon Company, Inc. ("Lion" and together with Assignor, "Borrowers") have entered into a Loan and Security Agreement dated the date hereof (together with all supplements and amendments thereto and all extensions, renewals, restatements and replacements thereof, the "Loan Agreement," and such Loan Agreement together with all agreements, instruments and documents now or hereafter entered into or delivered in connection therewith, collectively, the "Financing Agreements"), pursuant to which Assignee has made and may in the future, in its discretion, make certain loans and advances and extend credit to Borrowers, subject to the terms and provisions of the Financing Agreements; and

WHEREAS, Assignor owns all right, title, and interest in and to, among other things, the United States patents, patent licenses, registrations and applications for the protection of intellectual property, including, but not limited to, those set forth on Exhibit 1 hereto (the "Intellectual Property"); and

WHEREAS, in order to secure Borrowers' Obligations (as defined in the Financing Agreements) to Assignee, Assignor has granted to Assignee pursuant to the Financing Agreements a security interest in the Intellectual Property and the goodwill and certain other assets with respect to the Intellectual Property, as further set forth herein, and Assignee has requested Assignor to enter into this Agreement to further evidence such security interest.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that for valuable consideration received and to be received, as security for the full payment and performance of the Obligations, and to induce Assignee to make any loans and/or advances to Borrowers, Assignor hereby grants to Assignee a security interest in:

- (a) the Intellectual Property;
- (b) all patents, patent licenses, registrations and applications for the protection of inventions and designs hereafter acquired by, granted to, or filed by Assignor, whether based upon, derived from or variations of any invention

or designs disclosed in the Intellectual Property or otherwise (the “Future Intellectual Property”);

- (c) all extensions, renewals, continuations, re-issues, divisions, and continuations-in-part of the Intellectual Property and Future Intellectual Property;
- (d) all rights to sue for past, present and future infringements of the Intellectual Property and Future Intellectual Property;
- (e) all proceeds, including, without limitation, license royalties and proceeds of infringement suits, based on the Intellectual Property and Future Intellectual Property;
- (f) all licenses and other agreements under which Assignor is licensor, and all fees, rents, royalties, proceeds or monies thereunder, relating to the Intellectual Property and Future Intellectual Property;
- (g) all formulae, processes, compounds, methods, know-how, and trade secrets relating to the manufacture of Assignor’s products under, utilizing, or in connection with, the Intellectual Property, Future Intellectual Property and all goodwill connected with, symbolized by or in any way related to the items set forth in clauses (a) through (f) above; and
- (h) all products and proceeds of the foregoing, in any form, including, without limitation, insurance proceeds and all claims against third parties for loss or damage to or destruction of any or all of the foregoing.

All of the foregoing items set forth in clauses (a) through (h), together with all products and proceeds thereof, are hereinafter referred to collectively as the “Collateral.”

Assignor hereby covenants with Assignee as follows:

1. Assignor’s Obligations. Assignor agrees that, notwithstanding this Agreement, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Assignee shall have no obligation or liability in connection with the Collateral or any licenses or agreements relating thereto by reason of this Agreement or any payment received by Assignee relating to the Collateral, nor shall Assignee be required to perform any covenant, duty, or obligation of Assignor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

2. Representations and Warranties. Assignor represents and warrants to Assignee that: (a) Assignor is the owner of the Collateral, and no adverse claims are currently being asserted with respect to its title to or the validity of the Collateral; (b) the Intellectual Property includes the only patents in which Assignor has any or all right, title and interest; (c)

none of the Collateral is subject to any mortgage, pledge, lien, security interest, lease, charge, encumbrance or license (by Assignor as licensor), (d) Assignor is not the owner or licensee under any licenses to use patents, patent licenses, registrations or applications for the protection of intellectual property outside of the United States; and (e) when this Agreement is filed in the United States Patent and Trademark Office and the Assignee has taken the other actions contemplated in this Agreement and by the Financing Agreements, this Agreement will create a legal and valid perfected and continuing lien on and security interest in the Collateral in favor of Assignee, enforceable against Assignor and all third parties, subject to no other mortgage, lien, charge, encumbrance, or security or other interest.

3. Covenants. Assignor will maintain and renew all items of Collateral and all registrations of the Collateral and will defend the Collateral against the claims of all persons. Without limiting the foregoing, Assignor shall not permit the termination or abandonment of any registration or any application for such Intellectual Property, Future Intellectual Property or License without the prior written consent of Assignee. If, before the Obligations have been satisfied in full and the Financing Agreements have been terminated, Assignor shall obtain rights to or be licensed to use any new patentable inventions, or become entitled to the benefit of any patent application or patent for any re-issue, division, continuation, renewal, extension, or continuation-in-part of any Intellectual Property, or any improvement on any Intellectual Property, the provisions of Section 1 hereof shall automatically apply thereto and Assignor shall give Assignee prompt notice thereof in writing.

4. Use Prior to Default. Effective until Assignee's exercise of its rights and remedies upon an Event of Default under and as defined in the Financing Agreements (an "Event of Default"), Assignor shall have the right to use the Collateral and make, use and sell the inventions disclosed and claimed in the Intellectual Property, Future Intellectual Property and the intellectual property covered by the Licenses in the ordinary course of its business, subject to the terms and covenants of the Financing Agreements and this Agreement.

5. Remedies Upon Default. Whenever any Event of Default shall occur and be continuing, Assignee shall have all the rights and remedies granted to it in such event by the Financing Agreements, which rights and remedies are specifically incorporated herein by reference and made a part hereof, and any and all rights and remedies of law available to Assignee. Assignee in such event may collect directly any payments due to Assignor in respect of the Collateral and may sell, license, lease, assign, or otherwise dispose of the Collateral in the manner set forth in the Financing Agreements. Assignor agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge, and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the Intellectual Property and Future Intellectual Property. In the event Assignor fails or refuses to execute and deliver such documents, Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on Assignor's behalf. Notwithstanding any provision hereof to the contrary, during the existence and/or continuance of an Event of Default, Assignor may sell merchandise incorporating or utilizing the Intellectual Property and Future Intellectual Property in the ordinary course of its business and in a manner consistent with its past practices, until it receives written notice from Assignee to the contrary. The preceding sentence shall not limit any right or remedy granted to

Assignee with respect to Assignor's inventory under the Financing Agreements or any other agreement now or hereafter in effect.

6. Power of Attorney. Concurrently with the execution and delivery hereof, Assignor shall execute and deliver to the Assignee, in the form of Exhibit 2 hereto, five (5) originals of a Special Power of Attorney for the implementation of the assignment, sale or other disposal of the Intellectual Property and Future Intellectual Property pursuant to Section 5. Such Special Powers of Attorney shall not be recorded or used unless and until an Event of Default has occurred. Assignor hereby releases Assignee from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by Assignee under the powers of attorney granted therein, other than actions taken or omitted to be taken through the bad faith, willful misconduct or gross negligence of Assignee, as determined by a final, non-appealable order of a court of competent jurisdiction.

7. Cumulative Remedies. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided by law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Financing Agreements or any other agreement or instrument delivered in connection therewith.

8. Amendments and Waivers. This Agreement may not be modified, supplemented, or amended, or any of its provisions waived at the request of Assignor, without the prior written consent of Assignee. Assignor hereby authorizes Assignee to modify this Agreement by amending Exhibits 1 hereto to include any Future Intellectual Property.

9. Waiver of Rights. No course of dealing between the parties to this Agreement or any failure or delay on the part of any such party in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of such party or any other party, and no single or partial exercise of any rights or remedies by one party hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies of such party or any other party. No waiver by Assignee of any breach or default by Assignor shall be deemed a waiver of any other previous breach or default or of any breach or default occurring thereafter.

10. Assignment. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto; provided, however, that no interest herein or in or to the Collateral may be assigned by Assignor without the prior written consent of Assignee; and, provided further, that Assignee may assign the rights and benefits hereof to any party acquiring any interest in the Obligations or any part thereof.

11. Further Acts. Assignor shall have the duty: to prosecute diligently any application for the Intellectual Property and the Future Intellectual Property pending as of the date of this Agreement or thereafter, until the Obligations shall have been paid in full; to make applications for patent letters in the United States on unpatented but patentable inventions; and to preserve and maintain all rights in the Intellectual Property. Any expenses incurred in connection with such applications shall be borne by Assignor. Assignor shall not abandon any such pending patent application or registration, without the prior written consent of Assignee.

12. Enforcement. Upon Assignor's failure to do so after Assignee's demand, or upon an Event of Default, Assignee shall have the right but shall in no way be obligated to bring suit in Assignor's or Assignee's name to enforce the Intellectual Property, Future Intellectual Property and any license thereunder, in which event Assignor shall at the request of Assignee do any and all lawful acts and execute any and all proper documents required by Assignee in aid of such enforcement and Assignor shall promptly, upon demand, reimburse and indemnify Assignee or its agents for all costs and expenses incurred by Assignee in the exercise of its rights under this Section 12.

13. Re-Assignment. At such time as all of the Obligations have been paid and performed in full and all of the Financing Agreements shall have been terminated, other than upon enforcement of Assignee's remedies under the Financing Agreements after an Event of Default, Assignee will execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to release Assignee's lien in the Collateral, subject to any dispositions thereof which may have been made by Assignee pursuant hereto.

14. Severability. If any clause or provision of this Agreement shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect any other clause or provision in any other jurisdiction.

15. Notices. All notices, requests and demands to or upon Assignor or Assignee under this Agreement shall be given in the manner prescribed by the Loan Agreement.

16. Governing Law. This Agreement shall be governed by and construed, applied, and enforced in accordance with the federal laws of the United States of America applicable to patents and the laws of the State of New York, except that no doctrine of choice of law shall be used to apply the laws of any other state or jurisdiction.

17. Financing Agreement. This Agreement is one of the Financing Agreements.

[ Signatures Follow]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

C.M. OFFRAY & SON, INC., Assignor

By: Daniel P. Barron  
Name: Daniel P. Barron  
Title: V.P. - Finance

NATIONSCREDIT COMMERCIAL  
CORPORATION, through its  
NATIONSCREDIT COMMERCIAL  
FUNDING DIVISION, Assignee

By: Christopher S. Hudik  
Name: Christopher S. Hudik  
Title: V.P.

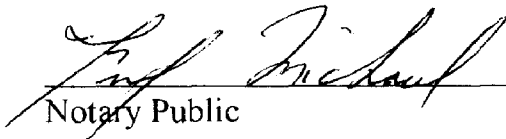
[Security Agreement (Patents)]



CERTIFICATE OF ACKNOWLEDGMENT

STATE OF New York )  
 ) ss:  
COUNTY OF New York )

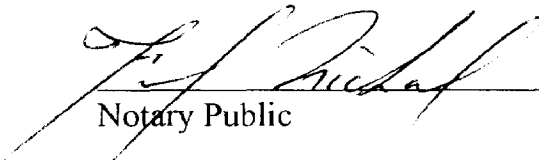
On the 12 day of February, 1999, before me personally came Daniel P. BURRON,  
to me known, who being by me duly sworn, did depose and say ~~that s/he resides at~~  
V.P. - Finance, that s/he is the  
of C.M. OFFRAY & SON, INC., the corporation  
described in and which executed the foregoing instrument; and that s/he signed his/her name by  
order of the board of directors of said corporation.

  
Notary Public

FRANTZ MICHAUD  
Notary Public, State of New York  
No. 01M15064959  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires Aug. 26, 2000

STATE OF New York )  
 ) ss:  
COUNTY OF New York )

On the 25 day of February, 1999, before me personally came Christopher S. Hudik  
to me known, who being by me duly sworn, did depose and say ~~that s/he resides at~~  
NATIONSCREDIT COMMERCIAL CORPORATION, that s/he is the Vice President of  
NATIONSCREDIT COMMERCIAL FUNDING DIVISION, the corporation described in and which executed the  
foregoing instrument; and that s/he signed his/her name by order of the board of directors of said  
corporation.

  
Notary Public

[Security Agreement (Patent and Patent Licenses)]

FRANTZ MICHAUD  
Notary Public, State of New York  
No. 01M15064959  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires Aug. 26, 2000