

FORM PTO-1595
(Rev. 8-93)
OMB No. 0651-0011 (exp. 4/94)

REC

05-27-1999

HEET

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



101047531

5-17-99

Tab settings

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

1. Name of conveying party(ies):
AMERICAN ROCKWOOL, INC.
THERMAFIBER, LLC
CTA ACOUSTICS, INC
AMERICAN ROCKWOOL ACQUISITION CORP.
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
Name: ABLECO FINANCE LLC, as collateral agent
Internal Address: 28th Floor
Street Address: 450 Park Avenue
City: New York State: NY ZIP: 10022
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: April 30, 1999

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

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s)
Please see attached Schedule A.

B. Patent No.(s)
Please see attached Schedule A.

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: BROBECK, PHLEGER & HARRISON LLP
Internal Address:
Attn: Kimberley A. Lathrop
Street Address: 550 South Hope Street
City: Los Angeles State: CA ZIP: 90071

6. Total number of applications and patents involved: 2
7. Total fee (37 CFR 3.41)..... \$ 80.00
 Enclosed
 Authorized to be charged to deposit account
8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

05/20/1999 NTHA11 00000262 4767549
3. 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.

Kimberley A. Lathrop
Name of Person Signing

Kimberley A. Lathrop
Signature

05-13-99
Date

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

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments

PATENT
REEL: 009968 FRAME: 0111

SCHEDULE A
to the Patent Security Agreement

United States and Canadian Patents
and Patent Applications

FILING COUNTRY	PATENT NUMBER	FILING DATE	FILING STATUS	TITLE
AMERICAN ROCKWOOL ACQUISITION CORP.				
NONE				
AMERICAN ROCKWOOL, INC.				
NONE				
THERMAFIBER, LLC				
USA	4,767,549	8/30/88		Dispersant coated mineral fiber in a drilling fluid
CAN	1,093,305	1/31/81		Apparatus for low pressure air fiberization of mineral fiber felts having fiber - level device
CAN	1,284,577	6/4/91		Dispersant coated mineral fiber in a drilling fluid
CAN	1,172,838	8/21/84		Method and apparatus for the production of mineral fibers felts having fiber - leveling device
CAN	1,174,050	9/11/84		Apparatus for the production of mineral fibers by means of rotating Discs.
CTA ACOUSTICS AQUISION, CORP.				
USA	5,883,020	3/16/99		An improved fiberglass insulation product and process for making.

C:\Devellis\ARAC\PatentSchedA

A-1

PATENT
REEL: 009968 FRAME: 0112

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (this "Agreement"), dated as of April 30, 1999 is made by **AMERICAN ROCKWOOL, INC.**, a North Carolina corporation ("ARI"), **THERMAFIBER, LLC**, a Delaware limited liability company ("Thermafiber"), **CTA ACOUSTICS, INC.**, a Delaware corporation ("CTA," and together with ARI and Thermafiber, individually and collectively, jointly and severally "Debtor"), **AMERICAN ROCKWOOL ACQUISITION CORP.**, a North Carolina corporation ("Holdings", and together with ARI, Thermafiber, and CTA, individually and collectively, and jointly and severally, "Pledgor"), in favor of **ABLECO FINANCE LLC**, a Delaware limited liability company, ("Ableco") as collateral agent for the Lender Group ("Secured Party").

RECITALS

WHEREAS, Debtor and the Lender Group have entered into that certain Financing Agreement, of even date herewith (as amended, restated, modified, renewed or extended from time to time, the "Financing Agreement"), pursuant to which the Lender Group has agreed to make certain financial accommodations to Debtor, pursuant to which Holdings has guarantied the obligations of Debtor to Secured Party, and pursuant to which Debtor has granted to Secured Party for the benefit of the Lender Group security interests in (among other things) all of the general intangibles of Debtor to secure the respective obligations of each Pledgor under the Financing Agreement.

WHEREAS, pursuant to the Financing Agreement and as one of the conditions precedent to the obligations of the Lender Group and Secured Party on behalf thereof under the Financing Agreement, Pledgor has agreed to execute and deliver this Agreement to Secured Party on behalf of the Lender Group for filing with the PTO and with any other relevant recording systems in any domestic jurisdiction, and as further evidence of and to effectuate the existing security interests of Secured Party for the benefit of the Lender Group in the trademarks and other general intangibles described herein.

ASSIGNMENT

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which is hereby acknowledged, Pledgor hereby agrees in favor of Secured Party as follows:

1. Definitions; Interpretation.

(a) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“Administrative Agent” means Congress solely in its capacity as administrative agent for the Lenders, and shall include any successor administrative agent.

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

“Collateral Agent” means Ableco Finance LLC, a Delaware limited liability company, solely in its capacity as collateral agent for the Lender Group, and shall include any successor collateral agent.

“Congress” means, Congress Financial Corporation, a Delaware corporation.

“Event of Default” means any Event of Default under the Financing Agreement.

“Lender Group” means, individually and collectively, each of the Lenders, Congress in its capacity as Administrative Agent, and Ableco in its capacity as Collateral Agent for the Lenders.

“Lenders” means, individually and collectively, each of the financial institutions (including Congress and Ableco) listed on the signature pages of the Financing Agreement and any other Person made a party thereto in accordance with the provisions of Section 11.07 thereof (together with their respective successors and assigns).

“Lien” means any pledge, security interest, assignment, charge or encumbrance, lien (statutory or other), or other preferential arrangement (including any agreement to give any security interest).

“Loan Documents” has the meaning assigned to it in the Financing Agreement.

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

“Patents” has the meaning set forth in Section 2.

“Person” means an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other juridical entity.

“Pledgor” means ARI, Thermafiber, Holdings, and CTA, and each of them, and any one or more of them, collectively and individually, and jointly and severally, and any other Person that now or in the future executes and delivers a joinder to this Agreement as a Pledgor.

“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 Patent Collateral, including “proceeds” as defined at UCC Section 9-306,

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 Pledgor, from time to time in respect of any of the Patent Collateral, (ii) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to or for the account of Pledgor from time to time with respect to any of the Patent Collateral, (iii) any and all claims and payments (in any form whatsoever) made or due and payable to Pledgor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Patent 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 Patent Collateral or for or on account of any damage or injury to or conversion of any Patent Collateral by any Person.

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

“Secured Obligations” means all liabilities, obligations, or undertakings owing by Pledgor to Lender Group or Secured Party on behalf thereof of any kind or description arising out of or outstanding under, advanced or issued pursuant to, or evidenced by the Financing Agreement, the other Loan Documents, or this Agreement, irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, voluntary or involuntary, whether now existing or hereafter arising, and including all interest (including interest that accrues after the filing of a case under the Bankruptcy Code) and any and all costs, fees (including attorneys fees), and expenses which Pledgor is required to pay pursuant to any of the foregoing, by law, or otherwise.

“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 ascribed to them in the UCC.

(c) Interpretation. In this Agreement, except to the extent the context otherwise requires:

(i) Any reference to a Section or a Schedule is a reference to a section hereof, or a schedule hereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears.

(ii) The words “hereof,” “herein,” “hereto,” “hereunder” and the like mean and refer to this Agreement as a whole and not merely to the specific Section, subsection, paragraph or clause in which the respective word appears.

(iii) The meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined.

(iv) The words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation.”

(v) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto.

(vi) 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.

(vii) Any captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

(viii) Capitalized words not otherwise defined herein shall have the respective meanings assigned to them in the Financing Agreement.

(ix) In the event of a direct conflict between the terms and provisions of this Agreement and the Financing 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 Financing Agreement shall control and govern; provided, however, that the inclusion herein of additional obligations on the part of the Pledgor and supplemental rights and remedies in favor of Lender Group or Secured Party on behalf thereof (whether under New York law or applicable federal law), in each case in respect of the Patent Collateral, shall not be deemed a conflict with the Financing Agreement.

2. Security Interest.

(a) Assignment and Grant of Security Interest. As security for the payment and performance of the Secured Obligations, each Pledgor hereby grants, assigns, transfers, and conveys to Secured Party for the benefit of the Lender Group a continuing security interest in all of Pledgor's right, title and interest in, to and under the following property, whether now existing or hereafter acquired or arising (collectively, the “Patent Collateral”):

(i) all letters patent of the U.S. or any other country, all registrations and recordings thereof, and all applications for letters patent of the U.S. or any other country, owned, held or used by Pledgor in whole or in part, including all existing U.S. patents and patent applications of Pledgor which are described in Schedule A hereto, as the same may be amended or supplemented pursuant hereto

from time to time, and together with and including all patent licenses held by Pledgor, together with all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and the inventions disclosed therein, and all rights corresponding thereto throughout the world, including the right to make, use, lease, sell and otherwise transfer the inventions disclosed therein, and all proceeds thereof, including all license royalties and proceeds of infringement suits (collectively, the "Patents");

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

(iii) all general intangibles (as defined in the UCC) and all intangible intellectual or other similar property of Pledgor of any kind or nature, whether now owned or hereafter acquired or developed, associated with or arising out of any of the Patents and not otherwise described above; and

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

(b) Certain Exclusions from Grant of Security Interest. Anything in this Agreement and the other Loan Documents to the contrary notwithstanding, the foregoing grant, assignment, transfer, and conveyance of a security interest shall not extend to, and the term "Patent Collateral" shall not include, any item of Patent Collateral described in Section 2(a) above that is now or hereafter held by Pledgor as licensee or otherwise, solely in the event and to the extent that: (i) as the proximate result of the foregoing grant, assignment, transfer, or conveyance of a security interest, Pledgor's rights in or with respect to such item of Patent Collateral would be forfeited or would become void, voidable, terminable, or revocable, or if Pledgor would be deemed to have breached, violated, or defaulted the underlying license or other agreement that governs such item of Patent Collateral pursuant to the restrictions in the underlying license or other agreement that governs such item of Patent Collateral; (ii) any such restriction shall be effective and enforceable under applicable law, including Section 9318(4) of the Code; and (iii) any such forfeiture, voidness, voidability, terminability, revocability, breach, violation, or default cannot be remedied by Pledgor using its best efforts (but without any obligation to make any material expenditures of money or to commence legal proceedings); provided, however, that the foregoing grant, assignment, transfer, and conveyance of security interest shall extend to, and the term "Patent Collateral" shall include, (y) any and all Proceeds of such item of Patent Collateral to the extent that the assignment or encumbering of such Proceeds is not so restricted, and (z) upon any such licensor or other applicable party's consent with respect to any such otherwise excluded item of Patent Collateral being obtained, thereafter such item of Patent Collateral as well as any Proceeds thereof that might theretofore have been excluded from such grant, assignment, transfer, and conveyance of a security interest and the term "Patent Collateral."

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

(d) Incorporation into Financing Agreement. This Agreement shall be fully incorporated into the Financing Agreement and all understandings, agreements and provisions contained in the Financing Agreement shall be fully incorporated into this Agreement. Without limiting the foregoing, the Patent Collateral described in this Agreement shall constitute part of the Collateral in the Financing Agreement.

(e) Licenses. Anything in the Financing Agreement or this Agreement to the contrary notwithstanding, Pledgor may grant non-exclusive licenses of the Patent Collateral (subject to the security interest (if any) of Secured Party for the benefit of the Lender Group therein) in the ordinary course of business consistent with past practice.

3. Further Assurances; Appointment of Secured Party as Attorney-in-Fact.

Pledgor at its expense shall execute and deliver, or cause to be executed and delivered, to Secured Party for the benefit of the Lender Group any and all documents and instruments, in form and substance satisfactory to Secured Party, and take any and all action, which Secured Party on behalf of the Lender Group may reasonably request from time to time, to perfect and continue perfected, maintain the priority of or provide notice of Secured Party's security interest in the Patent Collateral and to accomplish the purposes of this Agreement. Secured Party shall have the right to, in the name of Pledgor, or in the name of Secured Party on behalf of the Lender Group or otherwise, without notice to or assent by Pledgor, and Pledgor hereby irrevocably constitutes and appoints Secured Party on behalf of the Lender Group (and any of Secured Party's officers or employees or agents designated by Secured Party) as Pledgor's true and lawful attorney-in-fact with full power and authority, (i) to sign the name of Pledgor on all or any of such documents or instruments, and perform all other acts, that Secured Party on behalf of the Lender Group deems necessary or advisable in order to perfect or continue perfected, maintain the priority or enforceability of or provide notice of the security interests of Secured Party for the benefit of the Lender Group in the Patent Collateral, 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 Pledgor, which Secured Party for the benefit of the Lender Group may deem necessary or advisable to maintain, preserve and protect the Patent Collateral and to accomplish the purposes of this Agreement, including (A) after the occurrence and during the continuance of any Event of Default, to defend, settle, adjust or institute any action, suit or proceeding with respect to the Patent Collateral, (B) during a Triggering Event, to assert or retain any rights under any license agreement for any of the Patent Collateral, including any rights of Pledgor arising under Section 365(n) of the Bankruptcy Code, and (C) after the occurrence and during the continuance of any Event of Default, to execute any and all applications, documents, papers and instruments for Secured Party on behalf of the Lender Group to use the Patent Collateral, to grant or issue any exclusive or non-exclusive license with respect to any Patent Collateral (it being understood that so long as no Event of Default has occurred and is continuing, Pledgor may grant or

issue licenses in the ordinary course of business with respect to the Patent Collateral), and to assign, convey or otherwise transfer title in or dispose of the Patent 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.

Nothing in this Agreement shall obligate Pledgor to commence any suit, proceeding or other action for infringement of any of the Patents that are not material to the business of Pledgor.

4. Representations and Warranties. Each Pledgor represents and warrants to the Lender Group and Secured Party on behalf thereof, in each case, as follows:

(a) No Other Patents. A true and correct list of all of the existing Patents owned, held (whether pursuant to a license or otherwise) or used by Pledgor, in whole or in part, is set forth in Schedule A.

(b) Validity. Each of the Patents listed on Schedule A is subsisting and has not been adjudged invalid or unenforceable, in whole or in part, all maintenance fees required to be paid on account of any Patents have been timely paid for maintaining such Patents in force, and, to the best of Pledgor's knowledge, each of the Patents is valid and enforceable.

(c) Ownership of Patent Collateral; No Violation. (i) Pledgor has rights in and good title to the existing Patent Collateral, (ii) with respect to the Patent Collateral shown on Schedule A hereto as owned by it, Pledgor is the sole and exclusive owner thereof, free and clear of any Liens and rights of others (other than the security interest created hereunder), including licenses, shop rights and covenants by Pledgor not to sue third persons and (iii) with respect to any Patent for which Pledgor is either a licensor or a licensee pursuant to a license or licensee agreement regarding such Patent, each such license or licensing agreement is in full force and effect, Pledgor is not in default of any of its obligations thereunder and, other than the parties to such licenses or licensing agreements, no other Person is known by Pledgor to have any rights in or to any of the Patent Collateral. To the best of Pledgor's knowledge, the past, present and contemplated future use of the Patent Collateral by Pledgor has not, does not and will not infringe upon or violate any right, privilege or license agreement of or with any other Person.

(d) No Infringement. To the best of Pledgor's knowledge, no material infringement or unauthorized use presently is being made of any of the Patent Collateral by any Person.

(e) Powers. Pledgor has the unqualified right, power and authority to pledge and to grant to Secured Party for the benefit of the Lender Group a security interest in all of the Patent 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.

5. Covenants. So long as any of the Secured Obligations remain unsatisfied, each Pledgor agrees that it will comply with all of the covenants, terms and provisions of this Agreement, the Financing Agreement and the other Loan Documents, and Pledgor will promptly give Secured Party written notice of the occurrence of any event that could have a material adverse effect on any of the Patents or the Patent Collateral, including any petition under the Bankruptcy Code filed by or against any licensor of any of the Patents for which any Pledgor is a licensee.

6. Future Rights. Except as otherwise expressly agreed to in writing by Secured Party, for so long as any of the Secured Obligations shall remain outstanding, or, if earlier, until Secured Party on behalf of the Lender Group shall have released or terminated, in whole but not in part, its interest in the Patent Collateral, if and when Pledgor shall obtain rights to any new patentable inventions, or become entitled to the benefit of any Patent, or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or Patent Collateral or any improvement thereof (whether pursuant to any license or otherwise), the provisions of Section 2 shall automatically apply thereto and Pledgor shall give to Secured Party prompt notice thereof. Pledgor shall do all things deemed necessary or advisable by Secured Party to ensure the validity, perfection, priority and enforceability of the security interests of Secured Party for the benefit of the Lender Group in such future acquired Patent Collateral. Pledgor hereby authorizes Secured Party on behalf of the Lender Group to modify, amend or supplement the Schedules hereto and to re-execute this Agreement from time to time on Pledgor's behalf and as its attorney-in-fact to include any future patents which are or become Patent Collateral and to cause such re-executed Agreement or such modified, amended or supplemented Schedules to be filed with the PTO.

7. Duties of the Lender Group and Secured Party. Notwithstanding any provision contained in this Agreement, neither the Lender Group nor the Secured Party shall have a duty to exercise any of the rights, privileges or powers afforded to it, nor be responsible to Pledgor or any other Person for any failure to do so or delay in doing so. Except for the accounting for moneys actually received by the Lender Group or Secured Party on behalf thereof hereunder or in connection herewith, neither the Lender Group nor Secured Party shall have a duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Patent Collateral.

8. Events of Default. The occurrence of any "Event of Default" under the Financing Agreement or any other Loan Document shall constitute an Event of Default hereunder.

9. Remedies. From and after the occurrence and during the continuation of an Event of Default, the Lender Group and Secured Party on behalf thereof shall have all rights and remedies available to it under the Financing Agreement and applicable law (which rights and remedies are cumulative) with respect to the security interests in any of the Patent Collateral or any other Collateral. Pledgor agrees that such rights and remedies include the right of Secured Party as a secured party to sell or otherwise dispose of its Collateral after

default, pursuant to UCC Section 9-504 for the benefit of the Lender Group. Pledgor agrees that Secured Party for the benefit of the Lender Group shall at all times have such royalty free licenses, to the extent permitted by law, for any Patent Collateral that is reasonably necessary to permit the exercise of any of the rights or remedies of the Lender Group or Secured Party on behalf thereof upon or after the occurrence of an Event of Default with respect to (among other things) any tangible asset of Pledgor in which Secured Party for the benefit of the Lender Group has a security interest, including Secured Party's rights to sell inventory, tooling or packaging which is acquired by Pledgor (or its successor, assignee or trustee in bankruptcy) for the benefit of the Lender Group. In addition to and without limiting any of the foregoing, upon the occurrence and during the continuance of an Event of Default, Secured Party for the benefit of the Lender Group shall have the right but shall in no way be obligated to bring suit, or to take such other action as Secured Party on behalf of the Lender Group deems necessary or advisable, in the name of Pledgor or Secured Party on behalf of the Lender Group, to enforce or protect any of the Patent Collateral, in which event Pledgor shall, at the request of Secured Party, do any and all lawful acts and execute any and all documents required by Secured Party in aid of such enforcement. To the extent that Secured Party shall elect not to bring suit to enforce such Patent Collateral, upon, during, or after the occurrence of an Event of Default, Pledgor agrees to use all reasonable measures and its diligent efforts, whether by action, suit, proceeding or otherwise, to prevent the infringement, misappropriation or violations thereof by others and for that purpose agrees 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 Pledgor, the Lender Group and Secured Party on behalf thereof and their 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 Financing Agreement.

12. GOVERNING LAW AND VENUE; JURY TRIAL WAIVER. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE ASSIGNMENT AND SECURITY INTERESTS HEREUNDER IN RESPECT OF ANY PROPERTY ARE GOVERNED BY FEDERAL LAW, IN WHICH CASE SUCH CHOICE OF NEW YORK LAW SHALL NOT BE DEEMED TO DEPRIVE SECURED PARTY OR THE LENDER GROUP OF SUCH RIGHTS AND REMEDIES AS MAY BE AVAILABLE UNDER FEDERAL LAW. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE SUPREME COURT OF NEW YORK, NEW YORK, OR AT SECURED PARTY'S OPTION, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT

AGAINST ANY PLEDGED COLLATERAL MAY BE BROUGHT, AT SECURED PARTY'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH PLEDGED COLLATERAL MAY BE FOUND OR WHERE IT IS NECESSARY TO BRING SUIT IN ORDER TO OBTAIN SUBJECT-MATTER JURISDICTION. PLEDGOR, AND SECURED PARTY ON BEHALF OF THE LENDER GROUP EACH WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12.

PLEDGOR AND SECURED PARTY ON BEHALF OF THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. PLEDGOR AND SECURED PARTY ON BEHALF OF THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

13. Entire Agreement; Amendment. This Agreement, together with the Schedules hereto, contains the entire agreement of the parties with respect to the subject matter hereof and supersedes 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, as provided in the Financing Agreement. Notwithstanding the foregoing, Secured Party on behalf of the Lender Group may re-execute 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. 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.

16. Financing Agreement. Pledgor acknowledges that the rights and remedies of the Lender Group and Secured Party on behalf thereof with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Financing Agreement and all such rights and remedies are cumulative.

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

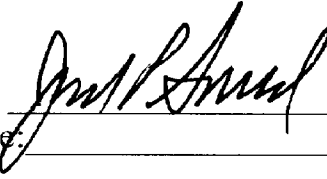
18. Termination. Upon the indefeasible payment in full of the Secured Obligations, including the cash collateralization, expiration, or cancellation of all Secured Obligations, if any, consisting of letters of credit, and the full and final termination of any commitment to extend any financial accommodations under the Financing Agreement, this Agreement shall terminate and Secured Party on behalf of the Lender Group shall execute and deliver such documents and instruments and take such further action reasonably requested by Pledgor and at Pledgor's expense as shall be necessary to evidence termination of the security interest granted by Pledgor to Secured Party for the benefit of the Lender Group hereunder.

19. Joinder. In connection with the acquisition of all or substantially all of the assets or capital stock of any Person by any existing Pledgor or any Subsidiary or Affiliate of any existing Pledgor, subject to the prior written consent of the Lender Group and in accordance with the terms of this Agreement, the Financing Agreement, and the other Loan Documents and so long as no Event of Default shall have occurred and be continuing or would result from the consummation of any such acquisition, such existing Pledgor shall cause, or shall cause its Subsidiary or Affiliate to cause, such acquired Person to execute and deliver all appropriate joinder documents to make it a Pledgor under this Agreement.

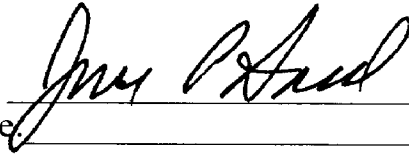
[remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

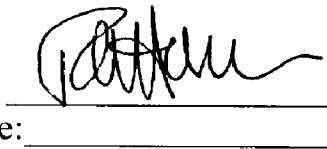
AMERICAN ROCKWOOL, INC.,
a North Carolina corporation

By: 
Title: _____

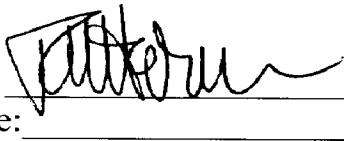
THERMAFIBER, LLC,
a Delaware limited liability company

By: 
Title: _____

CTA ACOUSTICS, INC., a Delaware corporation

By: 
Title: _____

**AMERICAN ROCKWOOL
ACQUISITION CORP.,**
a North Carolina corporation

By: 
Title: _____

ABLECO FINANCE LLC.,
a Delaware limited liability company, in its
capacity as collateral agent for the Lender
Group

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

AMERICAN ROCKWOOL, INC.,
a North Carolina corporation

By: _____
Title: _____

THERMAFIBER, LLC,
a Delaware limited liability company

By: _____
Title: _____


CTA ACOUSTICS, INC., a Delaware corporation

By: _____
Title: _____

**AMERICAN ROCKWOOL
ACQUISITION CORP.,**
a North Carolina corporation

By: _____
Title: _____

ABLECO FINANCE LLC.,
a Delaware limited liability company, in its capacity as collateral agent for the Lender Group

By:  _____
Title: SVP

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, Claudio DeVellis, Notary Public, personally appeared Joseph Smokovich, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[SEAL]

CLAUDIO DeVELLIS
Notary Public, State of New York
No. 41-5000333
Qualified in Queens County
Commission Expires 8/12/00



Signature

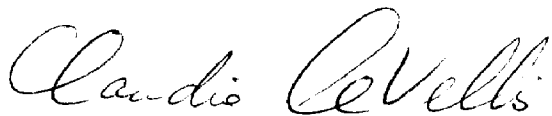
STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, Claudio DeVellis, Notary Public, personally appeared Joseph Smokovich, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[SEAL]

CLAUDIO DeVELLIS
Notary Public, State of New York
No. 41-5000333
Qualified in Queens County
Commission Expires 8/12/00



Signature

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, Claudio DeVellis, Notary Public, personally appeared PHILIP HERMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

CLAUDIO DeVELLIS
Notary Public, State of New York
No. 41-5000333
Qualified in Queens County
Commission Expires 8/10/00

Claudio DeVellis
Signature

[SEAL]

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, Claudio DeVellis, Notary Public, personally appeared PHILIP HERMAN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

CLAUDIO DeVELLIS
Notary Public, State of New York
No. 41-5000333
Qualified in Queens County
Commission Expires 8/10/00

Claudio DeVellis
Signature

[SEAL]

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, Elizabeth Golub, Notary Public, personally appeared Kevin Genda, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

ELIZABETH GOLUB
Notary Public, State of New York
No. 4916991
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires December 28, _____

Elizabeth Golub
Signature

[SEAL]

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On April 30, 1999, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature

[SEAL]

SCHEDULE A
to the Patent Security Agreement

United States and Canadian Patents
and Patent Applications

FILING COUNTRY	PATENT NUMBER	FILING DATE	FILING STATUS	TITLE
AMERICAN ROCKWOOL ACQUISITION CORP.				
NONE				
AMERICAN ROCKWOOL, INC.				
NONE				
THERMAFIBER, LLC				
USA	4,767,549	8/30/88		Dispersant coated mineral fiber in a drilling fluid
CAN	1,093,305	1/31/81		Apparatus for low pressure air fiberization of mineral fiber felts having fiber - level device
CAN	1,284,577	6/4/91		Dispersant coated mineral fiber in a drilling fluid
CAN	1,172,838	8/21/84		Method and apparatus for the production of mineral fibers felts having fiber - leveling device
CAN	1,174,050	9/11/84		Apparatus for the production of mineral fibers by means of rotating Discs.
CTA ACOUSTICS AQUISITION, CORP.				
USA	5,883,020	3/16/99		An improved fiberglass insulation product and process for making.

C:\Devellis\ARAC\PatentSchedA

A-1

RECORDED: 05/17/1999

PATENT
REEL: 009968 FRAME: 0129