

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Grant of Patent Security Interest
CONVEYING PARTY DATA	
Name	Execution Date
Halex Corporation	12/30/2004
RECEIVING PARTY DATA	
Name:	American Capital Financial Services, Inc., as Agent
Street Address:	2 Bethesda Metro Center, 14th Floor
City:	Bethesda
State/Country:	MARYLAND
Postal Code:	20814
PROPERTY NUMBERS Total: 5	
Property Type	Number
Application Number:	10668406
Application Number:	60536579
Patent Number:	6220526
Patent Number:	6673179
Patent Number:	5258425
CORRESPONDENCE DATA	
Fax Number:	(213)430-6407
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Email:	gdurham@omm.com
Correspondent Name:	Gina M. Durham, Esq.
Address Line 1:	400 South Hope Street
Address Line 4:	Los Angeles, CALIFORNIA 90071
NAME OF SUBMITTER:	Gina M. Durham

CH \$200.00 10668406

Total Attachments: 5
 source=(Amer Capital) P-Grant#page1.tif
 source=(Amer Capital) P-Grant#page2.tif

source=(Amer Capital) P-Grant#page3.tif

source=(Amer Capital) P-Grant#page4.tif

source=(Amer Capital) P-Grant#page5.tif

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT, dated as of December 30, 2004, is between **HALEX CORPORATION**, a California corporation (the "Grantor") and **AMERICAN CAPITAL FINANCIAL SERVICES, INC.**, a Delaware corporation, as Agent (in such capacity, the "Grantee") for the benefit of itself and all financial institutions and other Persons that from time to time become purchasers (the "Purchasers") under the Note and Equity Purchase Agreement (as such terms are hereinafter defined).

RECITALS

WHEREAS, the Grantor owns the Patents, Patent registrations and Patent applications listed on **Schedule 1** annexed hereto, and is a party to the Patent licenses listed on Schedule 1 annexed hereto; and

WHEREAS, the Grantor, as the Borrower, has entered into that certain Amended and Restated Note and Equity Purchase Agreement of even date herewith (as the same may be amended, restated, modified or supplemented and in effect from time to time, the "Note and Equity Purchase Agreement"), with the Grantee, as Agent for the benefit of the Purchasers, and the other Purchasers, providing for extensions of credit and other financial accommodations to be made to the Grantor by the Purchasers; and

WHEREAS, pursuant to the terms of that certain Amended and Restated Security Agreement dated as of December 30, 2004 by and between the Grantor and the Grantee, for the benefit of the Grantee and the Purchasers (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), the Grantor has granted to the Grantee for the benefit of the Purchasers a security interest in substantially all the assets of the Grantor including all right, title and interest of the Grantor in, to and under all now owned and hereafter acquired Patents (as defined in the Security Agreement), Patent registrations, Patent applications and Patent licenses, and all proceeds thereof, to secure the payment of the "Liabilities" (as defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does hereby grant to the Grantee a continuing security interest in all of the Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether presently existing or hereafter created or acquired:

- (1) each Patent, Patent registration and Patent application, including, without limitation, the Patents, Patent registrations (together with any reissues, divisions, continuations, renewals, extensions or continuations-in-part thereof) and Patent applications referred to in Schedule 1 annexed hereto, and all of the inventions and improvements described and claimed in each Patent, Patent registration and Patent application together with all patentable inventions;

(2) each Patent license, including without limitation each Patent license listed on Schedule 1 annexed hereto; and


(3) all products and proceeds of the foregoing, including, without limitation, any claim by the Grantor against third parties for past, present or future infringement of any Patent or Patent registration including, without limitation, the Patents and Patent registrations referred to in Schedule 1 annexed hereto, the Patent registrations issued with respect to the Patent applications referred in Schedule 1 and the Patents licensed under any Patent license.

This security interest is granted in conjunction with the security interests granted to the Grantee pursuant to the Security Agreement and is not intended to increase the rights of the Grantee or the obligations of the Grantors beyond the rights and obligations contained in the Security Agreement. The Grantor hereby acknowledges and affirms that the rights and remedies of the Grantee with respect to the security interest in the Patent Collateral 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.

[remainder of page intentionally left blank;
signature page follows]

IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be duly executed by its duly authorized officer on this 30 day of December, 2004

HALEX CORPORATION, a California corporation, as the Grantor

By: 
Name: Craig S. Silvers
Title: President and Treasurer

Acknowledged by the Grantee:

AMERICAN CAPITAL FINANCIAL SERVICES, INC.,
a Delaware corporation, as the Agent

By: _____
Name: Frank Do
Title: Senior Vice President


IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be duly executed by its duly authorized officer on this 30 day of December, 2004.

HALEX CORPORATION, a California corporation, as the Grantor

By: _____
Name: Craig S. Silvers
Title: President and Treasurer

Acknowledged by the Grantee:

AMERICAN CAPITAL FINANCIAL SERVICES, INC.,
a Delaware corporation, as the Agent

By: 
Name: Frank Do
Title: Senior Vice President

Schedule 1
to Patent Security Agreement

U.S. PATENT REGISTRATIONS

<u>Patent</u>	<u>Status in Patent Office</u>	<u>Federal Registration Number</u>	<u>Issue/ Filing Date</u>
Method and Device for Applying Adhesives	Patented	6,220,526	4/24/01-9/20/99
Multi Scrim Non-Slip Pad and Method of Manufacture	Patented	6,673,179	1/6/04-12/4/01
Solvent-Free Floorcovering Adhesive and Method of Producing Same	Patented	5,258,425	11/2/93-5/23/91

FOREIGN PATENT REGISTRATIONS

None.

U.S. PATENT APPLICATIONS

<u>Patent</u>	<u>Status in Patent Office</u>	<u>Federal Registration Number</u>	<u>Issue/ Filing Date</u>
Multi Scrim Non-Slip Pad and Method of Manufacture	Pending	10/668,406 (Division of U.S. Patent No. 6,673,179)	Pending - 9/23/03
Scented Non-Slip Mat and its Method of Production	Pending (Provisional Patent Application)	60/536,579	01/14/04

FOREIGN PATENT APPLICATIONS

None.

PATENT LICENSES

None.

Patent Security Agreement

LA1:1062701

RECORDED: 01/03/2005

PATENT
REEL: 015509 FRAME: 0007