



10-21-2005

DEPARTMENT OF COMMERCE
Patent and Trademark Office



103104414

PATENT

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)

Lincoln Paper and Tissue, LLC

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

3. Nature of conveyance/Execution Date(s):

Execution Date(s) 08/24/2005

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Joint Research Agreement
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☐ Other _____

2. Name and address of receiving party(ies)

Name: CalPERS/PCG Group Corporate Partners, LLC, as Collateral Agent
Internal Address: Suite 200

Street Address: 1200 Prospect St.

City: La Jolla

State: CA

Country: USA Zip: 92037

Additional name(s) & address(es) attached? ☐ Yes ☐ No

4. Application or patent number(s):

☐ This document is being filed together with a new application.

A. Patent Application No.(s)

B. Patent No.(s)

6,635,134; 6,136,422

Additional numbers attached? ☐ Yes ☒ No

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

Name: Deborah Taylor

Internal Address: c/o Latham & Watkins LLP

Street Address: 633 W. Fifth Street
Suite 4000

City: Los Angeles

State: CA Zip: 90071

Phone Number: (213) 485-1234

Fax Number: (213) 891-8763

Email Address: deborah.taylor@lw.com

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 80.00

- ☐ Authorized to be charged by credit card
☐ Authorized to be charged to deposit account
☒ Enclosed
☐ None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

Deborah E. Taylor

Signature

Deborah E. Taylor

Name of Person Signing

October 17, 2005

Date

Total number of pages including cover sheet, attachments, and documents: 10

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

THIS INSTRUMENT AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATE IN THE MANNER AND TO THE EXTENT SET FORTH IN THAT CERTAIN SUBORDINATION AGREEMENT (THE 'SUBORDINATION AGREEMENT') DATED AS OF AUGUST 24, 2005, CALPERS/PCG CORPORATE PARTNERS LLC, AS LENDER AND COLLATERAL AGENT, LINCOLN PAPER AND TISSUE, LLC ('BORROWER') AND LASALLE BUSINESS CREDIT, LLC ('LASALLE'), TO THE INDEBTEDNESS (INCLUDING INTEREST) OWED BY BORROWER PURSUANT TO THAT CERTAIN LOAN AND SECURITY AGREEMENT DATED AS OF AUGUST 24, 2005 BETWEEN BORROWER AND LASALLE, AS SUCH LOAN AND SECURITY AGREEMENT HAS BEEN AND HEREAFTER MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME; AND EACH HOLDER OF THIS INSTRUMENT, BY ITS ACCEPTANCE HEREOF, SHALL BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.

PATENT SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of August 24, 2005, between LINCOLN PAPER AND TISSUE, LLC, a Delaware limited liability company (the "Debtor"), and CALPERS/PCG CORPORATE PARTNERS, LLC, a Delaware limited liability company ("CalPERS/PCG"), as Collateral Agent for itself and for the benefit of the Lenders (the "Secured Party").

Debtor and Secured Party hereby agree as follows:

SECTION 1. Definitions; Interpretation.

(a) Terms Defined in Security Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Security Agreement.

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

"Collateral" has the meaning set forth in Section 2.

"PTO" means the United States Patent and Trademark Office.

"Security Agreement" means that certain Security Agreement, dated as of the date hereof, between Debtor, as a grantor, the other grantors party thereto and the Collateral Agent, as such agreement may be amended, restated, amended and restated or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

(c) Terms Defined in UCC. Where applicable in the context of this Agreement and except as otherwise defined herein, terms used in this Agreement shall have the meanings assigned to them in the UCC.

(d) **Construction.** In this Agreement, the following rules of construction and interpretation shall be applicable: (i) no reference to "proceeds" in this Agreement authorizes any sale, transfer, or other disposition of any Collateral by Debtor; (ii) "includes" and "including" are not limiting; (iii) "or" is not exclusive; and (iv) "all" includes "any" and "any" includes "all." To the extent not inconsistent with the foregoing, the rules of construction and interpretation applicable to the Security Agreement shall also be applicable to this Agreement and are incorporated herein by this reference.

SECTION 2. Security Interest.

(a) **Grant of Security Interest.** As security for the payment and performance of the Obligations, Debtor hereby assigns, transfers and conveys to Secured Party, and grants to Secured Party a security interest in and mortgage to, all of Debtor's right, title and interest in, to and under the following property, in each case whether now or hereafter existing or arising or in which Debtor now has or hereafter owns, acquires or develops an interest and wherever located (collectively, the "Collateral"):

(i) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including such patents and patent applications as described in Schedule A), all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof;

(ii) all general intangibles and all intangible intellectual or other similar property of Debtor of any kind or nature, associated with or arising out of any of the aforementioned properties and assets and not otherwise described above; and

(iii) all proceeds of any and all of the foregoing Collateral (including license royalties, rights to payment, accounts and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof) or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the foregoing Collateral.

(b) **Continuing Security Interest.** Debtor agrees that this Agreement shall create a continuing security interest in the Collateral which shall remain in effect until terminated in accordance with Section 11.

SECTION 3. Supplement to Security Agreement. This Agreement has been entered into in conjunction with the security interests granted to Secured Party under the Security Agreement or other security documents referred to therein. The rights and remedies of Secured Party with respect to the security interests granted herein are without prejudice to, and are in addition to those set forth in the Security Agreement or any other security documents referred to therein, all terms and provisions of which are incorporated herein by reference.

SECTION 4. Representations and Warranties. Debtor represents and warrants to Secured Party that a true and correct list of all of the existing Collateral consisting of U.S. patents and patent applications or registrations owned by Debtor, in whole or in part, is set forth in Schedule A.

SECTION 5. Further Acts. On a continuing basis, Debtor shall make, execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, and take all such action as may be necessary or advisable or may be requested by Secured Party to carry out the intent and purposes of this Agreement, or for assuring, confirming or protecting the grant or perfection of the security interest granted or purported to be granted hereby, to ensure Debtor's compliance with this Agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to the Collateral, including any documents for filing with the PTO or any applicable state office. Secured Party may record this Agreement, an abstract thereof, or any other document describing Secured Party's interest in the Collateral with the PTO, at the expense of Debtor. In addition, Debtor authorizes Secured Party to file financing statements describing the Collateral in any UCC filing office deemed appropriate by Secured Party. If the Debtor shall at any time hold or acquire a commercial tort claim arising with respect to the Collateral, the Debtor shall immediately notify Secured Party in a writing signed by the Debtor of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

SECTION 6. Authorization to Supplement. If Debtor shall obtain rights to any new patentable inventions or become entitled to the benefit of any patent application or patent for any reissue, division, or continuation, of any patent, the provisions of this Agreement shall automatically apply thereto. Debtor shall give prompt notice in writing to Secured Party with respect to any such new patent rights. Without limiting Debtor's obligations under this Section 6, Debtor authorizes Secured Party unilaterally to modify this Agreement by amending Schedule A to include any such new patent rights. Notwithstanding the foregoing, no failure to so modify this Agreement or amend Schedule A shall in any way affect, invalidate or detract from Secured Party's continuing security interest in all Collateral, whether or not listed on Schedule A.

SECTION 7. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by Debtor, Secured Party and their respective successors and assigns. Debtor may not assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder except as specifically permitted by the Security Agreement.

SECTION 8. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, except as required by mandatory provisions of law or to the extent the validity, perfection or priority of the security interests hereunder, or the remedies hereunder, in respect of any Collateral are governed by the law of a jurisdiction other than New York.

SECTION 9. Entire Agreement; Amendment. This Agreement and the Security Agreement, together with the Schedules hereto and thereto, 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 Security Agreement. Notwithstanding the foregoing, Secured Party unilaterally may re-execute this Agreement or modify, amend or supplement the Schedule hereto as provided in Section 6 hereof. To the extent that any provision of this Agreement conflicts with any provision of the Security Agreement, the provision giving Secured Party greater rights or remedies shall govern, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to Secured Party under the Security Agreement.

SECTION 10. 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. Delivery of an executed counterpart of this Agreement by facsimile shall be equally as effective as delivery of a manually executed counterpart. Any party hereto delivering a counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart, but the failure to so deliver a manually executed counterpart shall not affect the validity, enforceability, or binding effect hereof.

SECTION 11. Termination. Upon payment and performance in full of all Obligations, the security interests created by this Agreement shall terminate and Secured Party (at Debtor's expense) shall promptly execute and deliver to Debtor such documents and instruments reasonably requested by Debtor as shall be necessary to evidence termination of all such security interests given by Debtor to Secured Party hereunder, including cancellation of this Agreement by written notice from Secured Party to the PTO.

SECTION 12. No Inconsistent Requirements. Debtor acknowledges that this Agreement and the other documents, agreements and instruments entered into or executed in connection herewith may contain covenants and other terms and provisions variously stated regarding the same or similar matters, and Debtor agrees that all such covenants, terms and provisions are cumulative and all shall be performed and satisfied in accordance with their respective terms.

SECTION 13. 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.

SECTION 14. Notices. All notices and other communications hereunder shall be in writing and shall be mailed, sent or delivered in accordance with the Security Agreement.

[Remainder of page intentionally left blank.]

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

DEBTOR

LINCOLN PAPER AND TISSUE, LLC,
a Delaware limited liability company

By: *R. L. Soto*

Title: PRESIDENT and CEO

SECURED PARTY

CALPERS/PCG CORPORATE PARTNERS, LLC

By: PCG Corporate Partners Investments LLC
Its: Manager

By: Pacific Corporate Group Holdings, LLC
Its: Managing Member

By: _____

Name: _____

Title: _____

Signature page to Patent Security Agreement

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

DEBTOR

LINCOLN PAPER AND TISSUE, LLC,
a Delaware limited liability company

By: _____


Title: _____

SECURED PARTY

CALPERS/PCG CORPORATE PARTNERS, LLC

By: PCG Corporate Partners Investments LLC
Its: Manager

By: Pacific Corporate Group Holdings, LLC
Its: Managing Member

By:  _____
Name: Philip Posner
Title: CFO/Managing Director

SCHEDULE A
to the Patent Security Agreement
Debtor: Lincoln Paper and Tissue, LLC

Issued U.S. Patents of Debtor

Title	Patent No.	Issue Date	Owner
Method of producing a spray bonded multi-ply tissue product	6,635,134	10-21-2003	Lincoln Paper and Tissue, LLC
Spray bonded multi-ply tissue	6,136,422	10-24-2003	Lincoln Paper and Tissue, LLC

Pending U.S. Patent Application of Debtor

Title	Serial No.	Filing Date	Status
Apparatus for spray-bonding tissue	10/675,469	9-30-2003	Abandoned
Sodium silicate treatment for printing papers	10/174,907	6-17-2002	Abandoned

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RECORDED: 10/18/2005

PATENT
REEL: 017097 FRAME: 0734