

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	PATENT SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Burke Industries (Delaware), Inc.	03/02/2012
RECEIVING PARTY DATA	
Name:	TPG Specialty Lending, Inc., as agent
Street Address:	888 Seventh Avenue
Internal Address:	38th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10019
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5724909
CORRESPONDENCE DATA	
Fax Number:	(212)593-5955
Phone:	212-756-2132
Email:	scott.kareff@srz.com
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	S. Kareff c/o Schulte Roth & Zabel LLP
Address Line 1:	919 Third Avenue
Address Line 2:	22nd Floor
Address Line 4:	New York, NEW YORK 10022
ATTORNEY DOCKET NUMBER:	079464-0015
NAME OF SUBMITTER:	Scott Kareff (079464-0015)
Total Attachments: 11 source=Patent Security Agreement for Burke Industries (Delaware), Inc#page1.tif	

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source=Patent Security Agreement for Burke Industries (Delaware), Inc#page4.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page5.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page6.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page7.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page8.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page9.tif
source=Patent Security Agreement for Burke Industries (Delaware), Inc#page10.tif
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BURKE INDUSTRIES (DELAWARE), INC.
PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT (this "Patent Security Agreement") made as of the 2nd day of March, 2012, by and between BURKE INDUSTRIES (DELAWARE), INC., a Delaware corporation, with an office at 75 Mannington Mills Road, Salem, New Jersey, 08079 ("BI (DE)"), and TPG SPECIALTY LENDING, INC. ("TPG"), in its capacity as Agent (together with any successor in such capacity, the "Agent") for the Lenders, with an office at 888 Seventh Avenue, 38th Floor, New York, NY 10019.

WITNESSETH:

WHEREAS, BI (DE) is the owner of certain patents, registered patents and published patent applications, has rights under or interests in certain patent license agreements with other parties and has an interest in other patent rights and other items related to the foregoing;

WHEREAS, simultaneously with the execution and delivery of this Patent Security Agreement, BI (DE) is entering into (i) a Second Lien Loan Agreement (as from time to time amended, modified, restated or supplemented, the "Loan Agreement"), dated as of the date hereof by and among BI (DE), Mannington Mills, Inc. ("MMI"), Maneto (UK) 2 Limited, a company incorporated in England and Wales ("UK2"), and together with MMI and BI (DE), each a "Borrower" and collectively, the "Borrowers"), the lenders from time to time parties thereto (the "Lenders") and the Agent, and (ii) a Security Agreement (as from time to time amended, modified, restated or supplemented, the "Security Agreement"), dated as of the date hereof, made by the Borrowers and certain of their Affiliates in favor of the Agent;

WHEREAS, the Lenders and Agent have required, as a condition to their entering into and advancing funds under the Loan Agreement, that BI (DE) execute and deliver to Agent this Patent Security Agreement, in order to secure the prompt and complete payment, observance and performance of all of the Obligations;

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders and Agent to enter into the Loan Agreement and to make Loans to BI (DE) and the other Borrowers thereunder, BI (DE) hereby agrees with Agent, for the benefit of Agent and the ratable benefit of the Lenders, as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Loan Agreement shall have the meaning specified for such term in the Loan Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of like import when used in this Patent Security Agreement shall refer to this Patent Security Agreement as a whole and not to any particular provision of this Patent Security Agreement, and paragraph references are to this Patent Security Agreement unless otherwise specified.

(c) All terms defined in this Patent Security Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Patent Security Agreement by this reference hereto and are made a part hereof.

3. Incorporation of the Loan Agreement. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

4. Security Interest in Patents. To secure the complete and timely payment, performance and satisfaction of all of the Obligations, BI (DE) hereby grants to Agent, for the benefit of the Agent and the Lenders, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all of BI (DE)'s:

(a) now owned or existing and hereafter acquired or arising patents, registered patents and published patent applications, including, without limitation, the patents, registered patents and published patent applications listed on Schedule A attached hereto and made a part hereof, and (i) all income, royalties, proceeds, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (ii) the right to sue for past, present and future infringements thereof, and (iii) all of BI (DE)'s rights corresponding thereto throughout the world (all of the foregoing patents, registered patents and published patent applications, together with the other items described in clauses (i)-(iii) in this paragraph 4(a), are hereinafter individually and/or collectively referred to as the "Patents");

(b) rights under or interests in any patent license agreements with any other party, whether BI (DE) is a licensee or licensor under any such license agreement, including, without limitation, the patent license agreements relating to the manufacturing process listed on Schedule A attached hereto and made a part hereof, together with any renewals thereof and the right to prepare for sale and sell any and all Inventory now or hereafter owned by BI (DE) and now or hereafter covered by any such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"); and

(c) all other patent rights and all additions, improvements, and accessions to, all substitutions for and replacements of, and all products and proceeds (including insurance proceeds) of any and all of the foregoing, and all books and records and technical information and data describing or used in connection with any and all such rights, interests, assets or property (any or all of the foregoing are hereinafter referred to collectively as "Other Patent Rights").

5. Restrictions on Future Agreements. BI (DE) will not (i) enter into any agreement, including, without limitation, any agreement in which BI (DE) agrees to sell or assign its interest in, or grant any license under, any of the Patents, Licenses or Other Patent Rights, (a) which could reasonably be expected to have a Material Adverse Effect, provided that no Event of Default shall have occurred and be continuing and (b) without the prior written consent of Agent, if an Event of Default shall have occurred and be continuing, and BI (DE)

further agrees that it will not take any action, and will use its commercially reasonable efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to Agent under this Patent Security Agreement or the rights associated with those Patents, Licenses or Other Patent Rights or (ii) sell, mortgage, pledge, assign, encumber, grant a security interest in, transfer, license, alienate, assign its interest in, or grant any license under any of the Patents, Licenses or Other Patent Rights except as expressly permitted under the Loan Agreement, provided however, that BI (DE) shall have the right to license the use of the Patents in the ordinary course of its business.

6. New Patents, Licenses and Other Patent Rights. BI (DE) represents and warrants that (a) the Patents and Licenses listed on Schedule A of this Patent Security Agreement includes all of the patents, registered patents, published patent applications and manufacturing process Licenses now owned by BI (DE); (b) to its actual knowledge, the issued Patents are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and there is no litigation or proceeding pending concerning the validity or enforceability of the issued Patents; (c) to its actual knowledge, each of the issued Patents is valid and enforceable; (d) to its actual knowledge, there is no infringement by others of the issued Patents and (e) no lien, claim or security interest has been granted by BI (DE) to any Person in such Patents, Licenses and Other Patent Rights other than to the Working Capital Agent under the Working Capital Documents. If, prior to the termination of this Patent Security Agreement, BI (DE) shall (i) obtain rights to any new patents, registered patents or published patent applications, (ii) become entitled to the benefit of any patents, registered patents, published patent applications, patent licenses, patent license renewals, whether as licensee or licensor, or Other Patent Rights or (iii) enter into any new patent license agreement, the provisions of paragraph 4 above shall automatically apply thereto. BI (DE) shall give to Agent written notice of events described in clauses (i), (ii) or (iii) of the preceding sentence as set forth in Section 5.2(l) of the Loan Agreement. BI (DE) hereby authorizes Agent to modify this Patent Security Agreement by amending Schedule A to include any future patents, registered patents, published patent applications, patent licenses or patent license renewals (with regards to patent licenses, relating to the manufacturing process), whether as licensee or licensor, which are Patents, Licenses or Other Patent Rights under paragraph 4 above or under this paragraph 6.

7. Royalties. BI (DE) hereby agrees that the use by Agent on behalf of the Lenders of the Patents, Licenses and Other Patent Rights as authorized hereunder in connection with the exercise of its remedies under paragraph 15 hereof, pursuant to Section 9.2 of the Loan Agreement or pursuant to Section 23 of the Security Agreement shall be coextensive with BI (DE)'s rights thereunder and with respect thereto and without any liability for royalties or other related charges from Agent to BI (DE).

8. Right to Inspect. BI (DE) agrees not to change the quality of products sold by BI (DE) under the Patents, Licenses or Other Patent Rights, or in connection with which such Patents, Licenses or Other Patent Rights are used in any material adverse respect except (i) as necessary in its reasonable business judgment, provided that no Event of Default shall have occurred and be continuing or (ii) with Agent's prior and express written consent which consent will not be unreasonably withheld.

9. Nature and Continuation of Agent's Security Interest; Termination of Agent's Security Interest. This Patent Security Agreement is made for collateral security purposes only. This Patent Security Agreement shall create a continuing security interest in the Patents, Licenses and Other Patent Rights and shall remain in full force and effect until the payment in full of all of the Obligations and termination of the Loan Agreement. Upon payment in full of all of the Obligations and termination of the Loan Agreement, this Patent Security Agreement shall terminate and Agent shall promptly execute and deliver to BI (DE), at BI (DE)'s expense, all termination statements and other instruments as may be necessary or proper to terminate Agent's security interest in the Patents, Licenses and Other Patent Rights, subject to any disposition thereof which may have been made by Agent pursuant to this Patent Security Agreement, the Security Agreement or the Loan Agreement.

10. Duties of BI (DE). BI (DE) shall have the duty, to the extent desirable in the normal conduct of BI (DE)'s business, to: (i) prosecute diligently any patent application that is part of the Patents pending as of the date hereof or thereafter until the termination of this Patent Security Agreement, (ii) make application for patents and (iii) use commercially reasonable efforts to maintain in full force and effect the Patents, Licenses and Other Patent Rights that are or shall be necessary or economically desirable in the operation of BI (DE)'s business. BI (DE) further agrees not to abandon any Patent or (except in the ordinary course of BI (DE)'s business) License (x) if such event could reasonably be expected to have a Material Adverse Effect, provided that no Event of Default shall have occurred and be continuing and (y) without the prior written consent of Agent, if an Event of Default shall have occurred and be continuing. Any expenses incurred in connection with the foregoing shall be borne by BI (DE).

11. Agent's Right to Sue. From and after the occurrence of an Event of Default, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, Licenses and Other Patent Rights and, if Agent shall commence any such suit, BI (DE) shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement. BI (DE) shall, upon demand, promptly reimburse Agent for all reasonable costs and expenses incurred by Agent in the exercise of its rights under this paragraph 11 (including, without limitation, Attorney Costs).

12. Waivers. Agent's failure, at any time or times hereafter, to require strict performance by BI (DE) of any provision of this Patent Security Agreement shall not waive, affect or diminish any right of Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between BI (DE) and Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of BI (DE) contained in this Patent Security Agreement shall be deemed to have been suspended or waived by Agent unless such suspension or waiver is in writing signed by an officer of Agent and directed to BI (DE) specifying such suspension or waiver.

13. Severability. Whenever possible, each provision of this Patent Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Patent Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such

jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Patent Security Agreement in any jurisdiction.

14. Modification. This Patent Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 6 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney. From and after the occurrence of an Event of Default, BI (DE) shall immediately cease and desist from the practice, manufacture, use and sale of the inventions claimed, disclosed or covered by the Patents, and BI (DE) hereby irrevocably designates, constitutes and appoints Agent (and all Persons designated by Agent in its sole and absolute discretion) as BI (DE)'s true and lawful attorney-in-fact, and authorizes Agent and any of Agent's designees, in BI (DE)'s or Agent's name, from and after the occurrence of an Event of Default, to (i) endorse BI (DE)'s name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Patents, Licenses or Other Patent Rights, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Licenses or Other Patent Rights to anyone on commercially reasonable terms, (iii) grant or issue any exclusive or nonexclusive license under the Patents, Licenses (to the extent permitted under such License) or Other Patent Rights, to anyone on commercially reasonable terms, (iv) revise, update, amend, complete, file or record the Assignment of Patent and Patent Licenses Registrations and Applications attached as Exhibit A hereto, as Agent may determine to be necessary or desirable to assign or otherwise transfer the Patents, Licenses and Other Patent Rights covered by this Patent Security Agreement to any Person including, without limitation, Agent or any Lender, and (v) take any other actions with respect to the Patents, Licenses or Other Patent Rights as Agent deems in its best interest. BI (DE) hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations shall have been paid in full and the Loan Agreement shall have been terminated. BI (DE) acknowledges and agrees that this Patent Security Agreement is not intended to limit or restrict in any way the rights and remedies of Agent under the Loan Agreement or the Security Agreement, but rather is intended to facilitate the exercise of such rights and remedies.

Agent shall have, in addition to all other rights and remedies given it by the terms of this Patent Security Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the UCC as enacted in any jurisdiction in which the Patents, Licenses or Other Patent Rights may be located or deemed located. Upon the occurrence of an Event of Default and the election by Agent to exercise any of its remedies under Part 6 of Article 9 of the UCC with respect to the Patents, Licenses and Other Patent Rights, BI (DE) agrees to assign, convey and otherwise transfer title in and to the Patents, Licenses and Other Patent Rights to Agent or any transferee of Agent and to execute and deliver to Agent or any such transferee all such agreements, documents and instruments (in addition to the Assignment of Patent and Patent Licenses Registrations and Applications attached as Exhibit A hereto) as may be necessary, in Agent's determination, to effect such assignment, conveyance and transfer. All of Agent's rights and remedies with respect to the Patents, Licenses and Other Patent Rights, whether established hereby, by the Loan Agreement, by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence of an Event of

Default, Agent may exercise any of the rights and remedies provided in this Patent Security Agreement, the Loan Agreement and any other Loan Document.

16. Successors and Assigns. This Patent Security Agreement shall be binding upon BI (DE) and its successors and assigns, and shall inure to the benefit of Agent and its successors and assigns. BI (DE)'s successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession to the extent that any of the foregoing are considered to be a successor or assignee of BI (DE); provided, however, that BI (DE) shall not voluntarily assign or transfer its rights or obligations hereunder without Agent's prior written consent.

17. **GOVERNING LAW.** **THIS PATENT SECURITY AGREEMENT SHALL BE CONSTRUED AND ENFORCED AND THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE GOVERNED IN ALL RESPECTS IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) AND DECISIONS OF THE STATE OF NEW YORK.**

18. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Loan Agreement.

19. Agent's Duty. Agent shall not have any duty with respect to the Patents, Licenses or Other Patent Rights. Without limiting the generality of the foregoing, Agent shall not be under any obligation to take any steps necessary to preserve rights in the Patents, Licenses or Other Patent Rights against any other parties, but may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of BI (DE) and added to the Obligations secured hereby.

20. Paragraph Titles. The paragraph titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

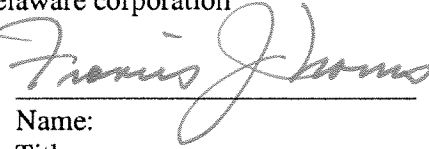
21. Execution in Counterparts. This Patent Security Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

22. Further Assurances. BI (DE) hereby covenants and agrees that it shall execute and deliver such documents and instruments, and hereby authorizes Agent, in its own name or on behalf of BI (DE), to execute and deliver such documents and instruments, at BI (DE)'s expense, as Agent deems necessary or proper to give effect to the provisions of this Patent Security Agreement.

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

BURKE INDUSTRIES (DELAWARE), INC.,
a Delaware corporation

By


Name:

Title:

[Signature Page to Burke Industries (Delaware), Inc. Patent Security Agreement]

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

The foregoing Patent Security Agreement was executed and acknowledged before me this 21st day of March, 2012, by FRANCIS J. NORRIS, personally known to me to hold the title of ASSISTANT SECRETARY at Burke Industries (Delaware), Inc., a Delaware corporation, on behalf of such corporation.

(SEAL)

PAUL J. SOMELOFSKE
Notary Public, State of New York
No. 02SO6136677
Qualified in New York County
Commission Expires Nov. 14, 2008
13

Notary Public

_____. County, _____

My commission expires: _____

Accepted and agreed to as of
the date first written above, by:

TPG SPECIALTY LENDING, INC., as Agent

By

Name:

Title:


Joshua W. Easterly

Vice President

Schedule A
to
Patent Security Agreement

Dated as of March 2, 2012

PATENTS, REGISTERED PATENTS AND PUBLISHED PATENT APPLICATIONS

Patent No.	Issue Date	Inventors	Title
5,724,909	March 10, 1998	Pitman, Robert F.; Garrison, Daniel L.	Passive pathway marking system

PATENT LICENSE AGREEMENTS

None.

Exhibit A
to
Patent Security Agreement

**ASSIGNMENT OF PATENT AND PATENT LICENSES
REGISTRATIONS AND APPLICATIONS**

WHEREAS, BURKE INDUSTRIES (DELAWARE), INC. ("Assignor"), a Delaware corporation with an address at 75 Mannington Mills Road, Salem, New Jersey 08079, has adopted, used and is using certain Patents and Patent Licenses listed on Schedule A annexed hereto and has made applications to use certain Patents and Patent Licenses listed on such Schedule, such Schedule being made a part hereof (the Patents and Patent Licenses, collectively, the "Patents and Licenses"), all of which are registered or filed in the United States Patent and Trademark Office.

NOW THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, Assignor hereby assigns to _____ all of its right, title and interest in and to each of the Patents and Licenses, and their respective federal registrations.

DATED: _____, ____

ATTEST:

BURKE INDUSTRIES (DELAWARE), INC.

By _____

By: _____

Name:

Title: