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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

10-22-02

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): **HI-LEX CORPORATION**

MED 10-22-02

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State (MN)
- Other _____

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

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other _____

Execution Date: August 23, 2002

2. Name and address of receiving party(ies):

Name: Canadian Imperial Bank of Commerce, as Administrative Agent

Internal Address: _____

Street Address: 425 Lexington Avenue

City: New York State: NY ZIP: 10016

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other Canadian-chartered bank acting through New York agent

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)

B. Trademark Registration No. (1,263,346; 1,905,213 ; 811,183 ; 927,090 ; 923,402 ; 787,710 ; 2,427,324

Additional numbers attached? Yes No

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

Name: Robyn Rahbar, Esq.

Internal Address: Simpson Thacher & Bartlett

Street Address: 425 Lexington Avenue

City: New York State: NY ZIP: 10017

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41): \$ 190.00

- Enclosed
- Authorized to be charged to credit card

8. Deposit account number: _____

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DO NOT USE THIS SPACE

01 FC:0522 Signature. 40.00 DP
02 FC:0522 150.00 DP

Robyn Rahbar, Esq.
Name of Person Signing

Robyn Rahbar
Signature

10/21/02
Date

Total number of pages including cover sheet, attachments, and documents: 7

GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS

THIS GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS ("Agreement"), dated as of August 23, 2002 is made by Hi-Lex Corporation, a Minnesota corporation, (the "Grantor"), in favour of CANADIAN IMPERIAL BANK OF COMMERCE, as Administrative Agent (in such capacity, the "Agent") for the financial institutions (the "Lenders"), from time to time parties to the Credit Agreement, dated as of August 23, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among KIK Holdco Company, a Nova Scotia unlimited liability company (the "Borrower"), the other entities listed on the signature pages as guarantors thereto, the financial institutions from time to time parties to the Credit Agreement (the "Lenders"), National Bank Financial Inc., as co-arranger and syndication agent (in such capacity, the "Syndication Agent"), and the Agent.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make certain credit facilities available to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, in connection with the Credit Agreement, the Grantor and certain other related entities have executed and delivered a Security Agreement, dated as of August 23, 2002 in favour of the Agent for the Lenders (together with all amendments, restatements, supplements and modifications, if any, from time to time thereafter made thereto, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, the Grantor granted to the Agent, for the ratable benefit of the Lenders, a security interest in all Intellectual Property now owned or at any time hereafter acquired by Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest, including the Trademarks; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, the Grantor hereby agrees with the Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided or provided by reference in the Credit Agreement and the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants a security interest in, and a right of setoff against, and effective upon demand made upon the occurrence and during the continuance of an Event of Default assigns, transfers and conveys, the Trademarks (including, without limitation, those items listed on Schedule A hereto), to the Agent

for the ratable benefit of the Lenders to secure payment, performance and observance of the Obligations.

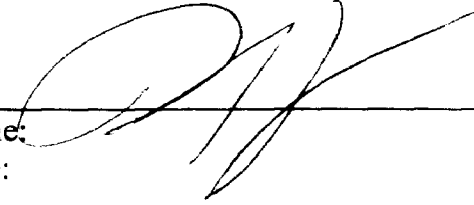
SECTION 3. Purpose. This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest herein with the United States Patent and Trademark Office. The security interest granted hereby has been granted to the Lenders in connection with the Security Agreement and is expressly subject to the terms and conditions thereof. In the event of any inconsistency between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall be controlling. The Security Agreement (and all rights and remedies of the Lenders thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Lenders with respect to the security interest in the Trademarks granted hereby are more fully set forth in the Credit Agreement and the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.


SECTION 5. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same original.

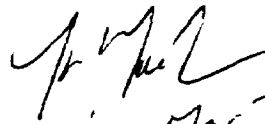
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

HI-LEX CORPORATION

By: 
Name:
Title:

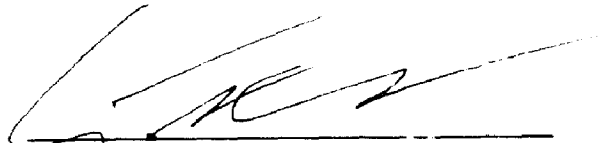
CANADIAN IMPERIAL BANK OF COMMERCE
as Administrative Agent for the Lenders

By: 
Name: Mark Chandler
Title: Executive Director


ian MacInnis
Executive Director

STATE OF)
) ss
COUNTY OF)

On the 22 day of August, 2002, before me personally came D. Guannon, who is personally known to me to be the Pres of HI-LEX CORPORATION, a Minnesota corporation; who, being duly sworn, did depose and say that she/he is the Pres. in such corporation, the corporation described in and which executed the foregoing instrument; that she/he executed and delivered said instrument pursuant to authority given by the Board of Directors of such corporation; and that she/he acknowledged said instrument to be the free act and deed of said corporation.



Notary Public

(PLACE STAMP AND SEAL ABOVE)

STATE OF)
) ss
COUNTY OF)

On the 25th day of August, 2002, before me personally came
[Signature], who is personally known to me to be the [Signature] of
CANADIAN IMPERIAL BANK OF COMMERCE; who, being duly sworn, did depose and say
that she/he is the [Signature] in such corporation, the corporation described in
and which executed the foregoing instrument; that she/he executed and delivered said instrument
pursuant to authority given by the Board of Directors of such corporation; and that she/he
acknowledged said instrument to be the free act and deed of said corporation.

[Signature]
Notary Public

(PLACE STAMP AND SEAL ABOVE)

SCHEDULE A**U.S. Trademarks Registrations and Applications**

<u>Trademark</u>	<u>Owner/Assignee</u>	<u>Registration or Serial Number</u>	<u>Status</u>
6-40	Hi-Lex Corporation	1,263,346	Registered
ARCTIC GUARD	Hi-Lex Corporation	1,905,213	Registered
DAY-BRITE	Hi-Lex Corporation	811,183	Renewed
HI-LEX	Hi-Lex Corporation	927,090	Renewed
HI-LEX BLEACH AND DESIGN	Hi-Lex Corporation	923,402	Renewed
PETAL	Hi-Lex Corporation	787,710	Renewed
PETALS	Hi-Lex Corporation	2,427,324	Registered