

REC

06-09-1998

SHEET

OMB No. 0651-0011 (exp. 4/94)



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

1. Name of conveying party(ies): MAG 6-5-98
 K's Merchandise Mart, Inc.

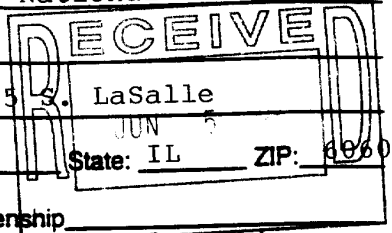
Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

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

2. Name and address of receiving party(ies)
 Name: LaSalle National Bank, as agent
 Internal Address: _____
 Street Address: 135 S. LaSalle
 City: Chicago State: IL ZIP: 60603

Individual(s) citizenship
 Association National Banking
 General Partnership
 Limited Partnership
 Corporation-State
 Other _____

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



3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: May 28, 1998

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

A. Trademark Application No.(s)
75/202,273

B. Trademark Registration No.(s)

<u>1,927,998</u>	<u>1,329,033</u>
<u>1,327,521</u>	<u>1,924,324</u>

Additional numbers attached? Yes No

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

Name: Laura Konrath
 Internal Address: Winston & Strawn
33rd Floor
 Street Address: 35 West Wacker Drive
 City: Chicago State: IL ZIP: 60601

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 140.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
N/A

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Laura Konrath
 Name of Person Signing

Laura Konrath
 Signature

Total number of pages including cover sheet, attachments, and document: 6/1

06/09/1998
 WACKINS
 00000003 752
 01 FEB 481
 02 FEB 482

TRADEMARK SECURITY AGREEMENT

WHEREAS, K'S MERCHANDISE MART, INC., an Illinois corporation ("**Borrower**"), with its principal place of business at 3103 North Charles Street, Decatur, Illinois 62526 owns the Trademarks, Trademark registrations, and Trademark applications listed on Schedule 1 annexed hereto, and is a party to the Trademark Licenses listed on Schedule 1 annexed hereto; and

WHEREAS, Borrower and LaSalle National Bank, individually and as Agent for certain Lenders (together with its successors and assigns, the "**Grantee**"), are parties to a Credit Agreement dated as of May 28, 1998 (the same, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "**Credit Agreement**"), providing for extensions of credit to be made to Borrower by the Lenders (as defined in the Credit Agreement); and

WHEREAS, pursuant to the terms of that certain Security Agreement dated as of May 28, 1998 (the same, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time, the "**Security Agreement**"; terms defined in the Security Agreement and not otherwise defined herein have the respective meanings provided for in the Security Agreement), between Borrower and Grantee, Borrower has granted to Grantee, a security interest in substantially all the assets of Borrower, including all right, title and interest of Borrower in, to and under all now owned and hereafter acquired Trademarks, Trademark registrations, Trademark applications and Trademark Licenses, together with the goodwill of the business symbolized by Borrower's Trademarks, and all proceeds thereof, to secure the payment of all amounts owing by Borrower under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower does hereby grant to Grantee a continuing security interest in all of Borrower'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 "**Trademark Collateral**"), whether presently existing or hereafter created or acquired:

- (1) each Trademark, Trademark registration and Trademark application, including, without limitation, the Trademarks, Trademark registrations (together with any reissues, continuations or extensions thereof) and Trademark applications referred to in Schedule 1 annexed hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark, Trademark registration and Trademark application;
- (2) each Trademark License, including, without limitation, each Trademark License listed on Schedule 1 annexed hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark License; and
- (3) all products and proceeds of the foregoing, including, without limitation, any claim by Borrower against third parties for past, present or future (a) infringement or

dilution of any Trademark or Trademark registration including, without limitation, the Trademarks and Trademark registrations referred to in Schedule 1 annexed hereto, the Trademark registrations issued with respect to the Trademark applications referred in Schedule 1 and the Trademarks licensed under any Trademark License, or (b) injury to the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License.

Borrower hereby assigns, transfers and conveys to Grantee and Lenders, effective upon the occurrence and during the continuance of any Event of Default hereunder, the nonexclusive right and license to use all Intellectual Property Rights owned or used by Borrower together with any goodwill associated therewith, all to the extent necessary to enable Grantee to realize on the Collateral and any successor or assign to enjoy the benefits of the Collateral. This right and license shall inure to the benefit of all successors, assigns and transferees of Grantee and its successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such right and license is granted free of charge, without requirement that any monetary payment whatsoever be made to Borrower by Grantee.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Borrower hereby acknowledges and affirms that the rights and remedies of Grantee with respect to the security interest in the Trademark 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.

[signature page follows]



IN WITNESS WHEREOF, Borrower has caused this Trademark Security Agreement to be duly executed by its duly authorized officer thereunto as of this 28th day of May, 1998.

K'S MERCHANDISE MART, INC.

By: Richard Powers

Name: Richard Powers

Title: VP-CFO

Acknowledged:

LASALLE NATIONAL BANK

By: Lois K. Butters

Name: LOIS K BUTTERS

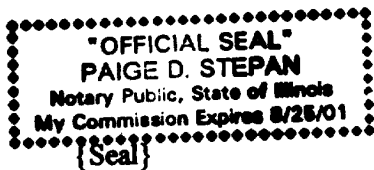
Title: V.P.



ACKNOWLEDGMENT

STATE OF ILLINOIS)
)
COUNTY OF COOK) ss.

On this 28th day of May, 1998 before me personally appeared Richard Ponce to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as VP-CFO of K'S MERCHANDISE MART, INC., an Illinois corporation, who being by me duly sworn, did depose and say that he is such officer of such corporation; that the foregoing instrument was executed on behalf of said corporation by order of its Board of Directors; and that he acknowledged said instrument to be the free act and deed of said corporation.



Paige D. Stepan
Notary Public

My commission expires:

8/25/01



Schedule 1 to Trademark Security Agreement

TRADEMARK REGISTRATIONS

<u>MARK</u>	<u>REG. NO.</u>	<u>DATE</u>
K's Merchandise (Stylized)	1,927,998	October 17, 1995
K's Merchandise (Stylized)	1,327,521	March 26, 1985
K's Merchandise (Stylized)	1,329,033	April 2, 1985
K's Merchandise (Stylized)	1,924,324	October 3, 1995

TRADEMARK APPLICATIONS

<u>NAME</u>	<u>APPLICANT</u>	<u>SERIAL NO.</u>	<u>PUBLICATION DATE</u>
Eldridge Fine Jewelry	K's Merchandise Mart, Inc.	75/202,273	January 27, 1998

327668.2

K's MERCHANDISE MART, INC.

RECORDED: 06/05/1998

TRADEMARK
REEL: 1737 FRAME: 0232

