

PATENT, TRADEMARK AND LICENSE
SECURITY AGREEMENT

THIS PATENT, TRADEMARK AND LICENSE SECURITY AGREEMENT (this "Agreement") is made and entered into this 25th day of September, 1998, by HASCO I. A. LIMITED, a Delaware corporation ("Grantor"), in favor of MERCANTILE BANK NATIONAL ASSOCIATION, a national banking association, as agent (in such capacity, the "Agent") for itself and any other "Lender(s)" (as defined therein) from time to time party to that certain Credit Agreement dated the date hereof by and among Grantor's parent corporation, HASCO International, Inc. (the "Borrower"), the Lender(s) party thereto, Mercantile Bank National Association as agent for the Lender(s) and Harris Trust and Savings Bank as co-agent ("Co-Agent") for the Lender(s), as the same may from time to time be amended, modified, extended or renewed (the "Credit Agreement"; all capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings ascribed to them in the Credit Agreement and in the First Foto Credit Agreement (herein described) except to the extent the context shall require that such terms have the meanings ascribed to such terms in one or the other of the Credit Agreement or the First Foto Credit Agreement only).

WITNESSETH:

WHEREAS, the Borrower, the Agent, the Co-Agent and the Lender(s) are herewith entering into the Credit Agreement and Grantor is providing its unlimited continuing Guaranty of Borrower's obligations and indebtedness thereunder; and

WHEREAS, Grantor's affiliate, First Foto Marketing Services Inc., an Ontario corporation ("First Foto"), the Agent, the Co-Agent and the Lender(s) are herewith entering into a certain Credit Agreement also dated of even date herewith (the "First Foto Credit Agreement") and Grantor is providing its unlimited continuing Guaranty of First Foto's obligations and indebtedness thereunder; and

WHEREAS, as a condition precedent to the Lender(s) entering into the Credit Agreement and the First Foto Credit Agreement, the Lender(s) have required that Grantor execute and deliver this Agreement to the Agent for the ratable benefit of the Lender(s); and

WHEREAS, in order to induce the Lender(s) to enter into the Credit Agreement and the First Foto Credit Agreement, Grantor has agreed to execute and deliver this Agreement to the Agent for the ratable benefit of the Lender(s); and

WHEREAS, Grantor, the Agent and the Lender(s) agree that all of the Secured Obligations (as hereinafter defined) shall be ratably secured by this Agreement; and

WHEREAS, this Agreement is being executed in connection with and in addition to the Security Agreement under which Grantor has granted to the Agent for the ratable benefit of the Lender(s) a lien on and security interest in, among other things, all accounts, inventory, general intangibles, machinery, equipment, books, records, goodwill, patents and trademarks now owned or hereafter acquired by Grantor and all proceeds thereof;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby covenants and agrees with the Agent as follows:

1. Grant of Security Interest. For value received, Grantor hereby collaterally assigns to the Agent for the ratable benefit of the Lender(s), and grants the Agent for the ratable benefit of the Lender(s) a security interest in and lien on, all of Grantor's right, title and interest in, to and under the following described property, whether now owned and existing or hereafter created, acquired or arising:

(a) all patents and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, each patent and application listed on Schedules A and B, respectively, attached hereto and incorporated herein by reference (as the same may be amended pursuant hereto from time to time) and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income, damages and payments now and hereafter due or payable under or with respect thereto, including, without limitation, license royalties, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof and (iv) all rights corresponding thereto throughout the world (all of the foregoing patents and applications together with the items described in clauses (i) through (iv) of this subsection (a) are hereinafter collectively referred to herein as the "Patents");

(b) all trademarks, service marks, trademark or service mark registrations, trade names, trade styles, trademark or service mark applications and brand names, including, without limitation, common law rights and each mark and application listed on Schedules C and D, respectively, attached hereto and incorporated herein by reference; and (i) renewals or extensions thereof, (ii) all income, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, license royalties, damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof and (iv) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trade names, service marks and applications and registrations thereof together with the items described in clauses (i) through (iv) of this subsection (b) are hereinafter collectively referred to herein as the "Trademarks");

(c) the license(s) listed on Schedule E attached hereto and incorporated herein by reference and all other license agreements (to the extent such license agreements may be assigned without violating the terms of any such license agreement) with respect to any of the Patents or the Trademarks or any other patent, trademark, service mark or any application or registration thereof or any other trade name or trade style between Grantor and any other party, whether Grantor is licensor or licensee (all of the foregoing license agreements and Grantor's rights thereunder are hereinafter collectively referred to as the "Licenses");

(d) the goodwill of Grantor's business connected with and symbolized by the Trademarks; and

(e) all proceeds, including, without limitation, proceeds which constitute property of the types described in (a), (b), (c) and (d) above and any rents and profits of any of the foregoing items, whether cash or noncash, immediate or remote, and insurance proceeds, and all products of (a), (b), (c) and (d) above, and any indemnities, warranties and guaranties payable by reason of loss or damage to or otherwise with respect to any of the foregoing items;

to secure the payment of any and all of the Grantor's present and future liabilities, indebtedness and obligations to Lenders under its guaranty of all of Borrower's Obligations (as defined in the Credit Agreement) and to secure the payment of any and all of the Grantor's present and future liabilities,

indebtedness and obligations to Lenders under its guaranty of all of Borrower's Obligations (as defined in the First Foto Credit Agreement) (hereinafter collectively referred to "Secured Obligations").

2. Representations, Warranties and Covenants of Grantor. Grantor hereby represents and warrants to the Agent, and covenants and agrees with the Agent, that:

(a) all of the Patents, Trademarks and Licenses are subsisting and have not been adjudged invalid or unenforceable, in whole or in part, and are not at this time the subject of any challenge to their validity or enforceability;

(b) to the best of Grantor's knowledge, each of the Patents, Trademarks and Licenses is valid and enforceable;

(c) (i) no claim has been made that the use of any of the Patents, Trademarks or Licenses does or may violate the rights of any third person, (ii) no claims for patent infringement have been commenced in connection with any of the Patents and (iii) no claims for trademark infringement have been commenced in connection with any of the Trademarks;

(d) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, Trademarks and Licenses, free and clear of any and all liens, charges and encumbrances, including, without limitation, any and all pledges, assignments, licenses, registered user agreements, shop rights and covenants by Grantor not to sue third persons, excluding only security interests granted to the Agent for the ratable benefit of the Lender(s);

(e) Grantor has the unqualified right to enter into this Agreement and perform its terms;

(f) Grantor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the Patents, Trademarks and Licenses;

(g) Grantor has the exclusive, royalty-free right and license to use the Patents, Trademarks and Licenses (excluding royalties due and payable to Subsidiaries of Borrower who are Guarantors of Borrower's Obligations under the Credit Agreement) and agrees not to transfer any rights or interest in any of the Patents, Trademarks or Licenses during the term of this Agreement; and

(h) Grantor has no notice of any suits or actions commenced or threatened with reference to any of the Patents, Trademarks or Licenses.

3. Inspection Rights; Product Quality. Grantor will permit, upon at least one (1) Business Day's prior oral or written notice from the Agent or any of the Lender(s) to Grantor (provided, however, that no such notice need be given by the Agent or any of the Lender(s) if any Default or Event of Default under the Credit Agreement or the First Foto Credit Agreement has occurred and is continuing), inspection of Grantor's facilities which manufacture, inspect or store products sold under any of the Patents, Trademarks or Licenses and inspection of the products and records relating thereto by the Agent and each of the Lender(s) during normal business hours and at other reasonable times. Grantor will reimburse the Agent and each of the Lender(s) upon demand for all costs and expenses incurred by Agent or any of the Lender(s) in connection with any such inspection conducted by Agent or any of the Lender(s) while any Default or Event of Default under the Credit Agreement or the First Foto Credit Agreement has occurred and is continuing. A representative of Grantor may be present during any such

inspection, provided that a particular representative's availability or unavailability shall not inhibit or delay such inspection. Grantor agrees (i) to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable practices, and (ii) to provide the Agent, upon the Agent's request from time to time, with a certificate of any officer of Grantor certifying Grantor's compliance with the forgoing.

4. Further Assurances. Grantor agrees that, until (i) all of the Secured Obligations shall have been paid in full, (ii) no Letters of Credit shall be outstanding and (iii) the Lender(s) have no further commitment or obligation to make any additional loans or advances or other extensions of credit to Borrower under the Credit Agreement or to First Foto under the First Foto Credit Agreement, it will not enter into any agreement (for example, a license or sublicense agreement) which is inconsistent with Grantor's obligations under this Agreement, its guaranty of Borrower's Obligations under the Credit Agreement, or its guaranty of Borrower's Obligations under the First Foto Credit Agreement, without the prior written consent of the Required Lender(s) and Grantor agrees that it shall not take any action or permit any action to be taken by others subject to its control, including licensees, or fail to take any action which would affect the validity or enforcement of the rights transferred to the Agent under this Agreement. Grantor further agrees that at any time and from time to time, at the expense of Grantor, Grantor will promptly execute and deliver to the Agent any and all further instruments and documents and take any and all further action that may be necessary, or that the Agent may reasonably request, in order to perfect and protect the security interest granted hereby with respect to the Patents, Trademarks and Licenses or to enable the Agent to exercise its rights and remedies hereunder with respect to the same.

5. Additional Patents, Trademarks and Licenses. If Grantor shall (i) become aware of any existing Patents, Trademarks or Licenses of which Grantor has not previously informed the Agent, (ii) obtain rights to any new patentable inventions, Patents, Trademarks or Licenses or (iii) become entitled to the benefit of any Patents, Trademarks or Licenses which benefit is not in existence on the date hereof, the provisions of this Agreement shall automatically apply thereto and Grantor shall give the Agent prompt written notice thereof.

6. Modification by Agent. Grantor authorizes the Agent to modify this Agreement by amending Schedules A, B, C, D and E to include any future patents and patent applications, any future trademarks, service marks, trademark or service mark registrations, trade names, and trademark or service applications, and any future licenses, covered by Paragraphs 1 and 5 hereof, without the signature of Grantor if permitted by applicable law.

7. Use of Patents, Trademarks and Licenses. So long as no Event of Default has occurred and is continuing, Grantor may use the Patents and Trademarks and exercise its rights under the Licenses in any lawful manner not inconsistent with this Agreement on and in connection with products sold by Grantor, for Grantor's own benefit and account and for none other.

8. Default. If any Event of Default shall have occurred and be continuing, the Agent shall have, in addition to all other rights and remedies given it by this Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents, Trademarks and Licenses may be located and, without limiting the generality of the foregoing, the Agent may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, all or from time to time any of the Patents, Trademarks (together with the goodwill of Grantor associated

therewith) or Licenses, or any interest which Grantor may have therein, and after deducting from the proceeds of sale or other disposition of the Patents, Trademarks or Licenses all expenses (including, without limitation, all expenses for brokers' fees and legal services), shall apply the residue of such proceeds toward the payment of the Secured Obligations in the order and manner as is set forth in Section 8 of the Credit Agreement and in Section 8 of the First Foto Credit Agreement in such order as the Required Lenders shall determine. Notice of any sale or other disposition of any of the Patents, Trademarks or Licenses shall be given to Grantor at least five (5) Business Days before the time of any intended public or private sale or other disposition of such Patents, Trademarks and/or Licenses is to be made, which Grantor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, the Agent or any holder of any of the Secured Obligations may, to the extent permissible under applicable law, purchase the whole or any part of the Patents, Trademarks or Licenses sold, free from any right of redemption on the part of Grantor, which right is hereby waived and released. Grantor agrees that upon the occurrence and continuance of any Event of Default, the use by the Agent and/or the Lender(s) of the Patents, Trademarks and Licenses shall be worldwide, and without any liability for royalties or other related charges from the Agent or any of the Lender(s) to Grantor. If an Event of Default shall occur and be continuing, the Agent shall have the right, but shall in no way be obligated, to bring suit in its own name (for the benefit of itself and the Lender(s), as applicable) to enforce any and all of the Patents, Trademarks and Licenses, and, if the Agent shall commence any such suit, Grantor shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents required by the Agent in aid of such enforcement and the Grantor shall promptly, upon demand, reimburse and indemnify the Agent for all costs and expenses incurred by the Agent in the exercise of its rights under this Agreement. All of Agent's rights and remedies with respect to the Patents, Trademarks and Licenses, whether established hereby, by the Security Agreement or by any other agreement or by law shall be cumulative and may be exercised singularly or concurrently.

9. Termination of Agreement. At such time as (i) Borrower or Grantor shall pay all of the Secured Obligations in full, (ii) no Letters of Credit are outstanding, (iii) the Lender(s) shall have no further commitment or obligation to make any additional loans or advances or other extensions of credit to Borrower under the Credit Agreement, (iv) the Lender(s) shall have no further commitment or obligation to make any additional loans or advances or other extensions of credit to First Foto under the First Foto Credit Agreement, (v) the Credit Agreement and Grantor's guaranty thereof shall be terminated and (vi) the First Foto Credit Agreement and Grantor's guaranty thereof shall be terminated, this Agreement shall terminate and the Agent shall execute and deliver to Grantor all instruments as may be necessary or proper to extinguish the Agent's security interest therein, subject to any disposition thereof which may have been made by the Agent pursuant hereto.

10. Expenses. Any and all fees, costs and expenses of whatever kind or nature, including, without limitation, the reasonable attorneys' fees and expenses incurred by the Agent in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or other amounts in connection with protecting, maintaining or preserving the Patents, Trademarks and/or Licenses, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, Trademarks and/or Licenses, shall be borne and paid by Grantor on demand by the Agent and until so paid shall be added to the principal amount of the Secured Obligations and shall bear interest at a rate per annum equal to the lesser of Two Percent (2%) over and above the Prime Rate (which interest rate shall fluctuate as and when the Prime Rate shall change) or the highest rate of interest allowed by law from the date incurred until reimbursed by Grantor.

11. Preservation of Patents, Trademarks and Licenses. Grantor shall have the duty (i) to file and prosecute diligently any patent, trademark or service mark applications pending as of the date hereof or hereafter, (ii) to make application on unpatented but patentable inventions and on trademarks and service marks, as commercially reasonable and (iii) to preserve and maintain all rights in the Patents, Trademarks and Licenses, as commercially reasonable. Any expenses incurred in connection with Grantor's obligations under this Section 11 shall be borne by Grantor.

12. Agent Appointed Attorney-In-Fact. If any Event of Default shall have occurred and be continuing, Grantor hereby authorizes and empowers the Agent to make, constitute and appoint any officer or agent of the Agent as the Agent may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with the power to endorse Grantor's name on all applications, documents, papers and instruments necessary for the Agent to use the Patents, Trademarks and Licenses, or to grant or issue any exclusive or non-exclusive license under the Patents, Trademarks and Licenses to anyone else, or necessary for the Agent to assign, pledge, convey or otherwise transfer title to or dispose of the Patents, Trademarks and Licenses to anyone else. Grantor 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 for the duration of this Agreement.

13. No Waiver. No course of dealing between Grantor and the Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Agent, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. Severability. The provisions of this 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 thereof, 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 Agreement in any jurisdiction.

15. Amendments. This Agreement is subject to amendment or modification only by a writing signed by Grantor and the Agent and consented to by the Required Lender(s), except as provided in Paragraph 6 above.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that Grantor may not assign or delegate any of its rights of obligations under this Agreement.

17. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the substantive laws of the State of Missouri (without reference to conflict of law principles).

IN WITNESS WHEREOF, Grantor and the Agent have executed this Patent, Trademark and License Security Agreement this 25th day of September, 1998.

HASCO I. A. LIMITED
("Grantor")

By Max Barrett
Title: Assistant Secretary

MERCANTILE BANK NATIONAL
ASSOCIATION, as Agent
(the "Agent")

By James B. Kelly
Title: Vice President

CERTIFICATE OF ACKNOWLEDGMENT

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

On this 25th day of September, 1998, before me personally appeared Max S. Barnett, to me personally known, who, being by me duly sworn, did say that he is the ~~Assistant Secretary~~ Secretary of HASCO I. A. LIMITED, a Delaware corporation, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and said Max S. Barnett acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the City and State aforesaid, the day and year first above written.

(Seal) CHRISTINE BLISSENBACH
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: November 11, 2000

Christine Blissenbach
Notary Public

My Commission Expires: _____.

STATE OF MISSOURI)
)
CITY OF ST. LOUIS)

On this 25th day of September, 1998, before me appeared James B. Lally, to me personally known, who, being by me duly sworn, did say that he is a Vice-President of MERCANTILE BANK NATIONAL ASSOCIATION, a national banking association, and that said instrument was signed on behalf of said association by authority of its Board of Directors; and said James B. Lally acknowledged said instrument to be the free act and deed of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my official seal in the City and State aforesaid, the day and year first above written.

(Seal) CHRISTINE BLISSENBACH
Notary Public — Notary Seal
STATE OF MISSOURI
City of St. Louis
My Commission Expires: November 11, 2000

Christine Blissenbach
Notary Public

My Commission Expires: _____.

SCHEDULE A

Patents

None.

SCHEDULE B

Patent Applications

None.

SCHEDULE C

Trademarks

| <u>Country</u> | <u>Mark</u> | <u>Number</u> | <u>Issue Date</u> |
|----------------|--|---------------|-------------------|
| United States | First Foto & Design | 1,159,509 | 6/30/81 |
| | First Foto & Design | 1,159,119 | 6/30/81 |
| | Official First Foto & Design | 1,618,216 | 10/16/90 |
| | Official First Foto & Design | 1,625,936 | 12/4/90 |
| | First Foto Express Delivery and Design | 75/487,505 | 5/18/98 |
| | First Foto Express Delivery and Design | 75/487,506 | 5/18/98 |
| Canada | First Foto & Design | 291,424 | 6/1/90 |
| Japan | First Foto & Design | 2,123,262 | 3/27/89 |
| Taiwan | First Foto & Design | 368,707 | 3/16/87 |

SCHEDULE D

Trademark Applications

Unregistered Trade Names in certain Foreign Countries:

First Foto

First Foto and Design

Official First Foto and Design

SCHEDULE E

Licenses

1. License Agreements between Hasco I. A. Limited and Hasco International, Inc.