

1-6-99

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To the Honorable Commissioner of Patents

attached original documents or copy thereof.

1. Name of conveying party(ies):

ITEMS INTERNATIONAL, INC.

1-6-99

- Individual(s)
- General Partnership
- Corporation-State OF PENNSYLVANIA
- Other

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

3. Nature of conveyance:

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

Execution Date: DECEMBER 17, 1998

2. Name and address of receiving party(ies)

Name: CONGRESS FINANCIAL CORPORATION

Internal Address:

Street Address: 1133 AVENUE OF THE AMERICAS

City: NEW YORK State: NY ZIP: 10019

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State OF DELAWARE
- 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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1708,349

Trademark: BOMBATO Registration No.: 1,708,349 Regist. Date: 8/26/97

Additional numbers attached? Yes No

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

Name: OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.

Internal Address: VALERIE MASON, ESQ.

29TH FLOOR

Street Address: 230 PARK AVENUE

City: NEW YORK State: NY ZIP: 10169

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41): \$40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

01 07/1999 JSHBAZZ 00000047 1708349

DO NOT USE THIS SPACE

01 FC-481 40.00 DP

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.

PRESTON R. CAPPELLO
Name of Person Signing

Preston R. Cappello
Signature

1/5/99
Date

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

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 1837 FRAME: 0198

TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

THIS AGREEMENT ("Agreement"), dated December 17, 1998, is by and between ITEMS INTERNATIONAL, INC., a Pennsylvania corporation ("Debtor"), with its chief executive office at 1540-A East Pleasant Valley Boulevard, Altoona, Pennsylvania 16602 and CONGRESS FINANCIAL CORPORATION, a Delaware corporation ("Secured Party"), having an office at 1133 Avenue of the Americas, New York, New York 10036.

W I T N E S S E T H :

WHEREAS, Debtor has adopted, used and is using, and is the owner of the right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor in the manner and with the status described in Exhibit A hereto and made a part hereof; and

WHEREAS, Secured Party and Debtor have entered or are about to enter into financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor as set forth in the Loan and Security Agreement, dated of even date herewith, by and between Secured Party and Debtor (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Loan Agreement") and other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Loan Agreement, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Secured Party to enter into the Loan Agreement and the other Financing Agreements and to make loans and advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein:

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

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and a conditional assignment (except that such conditional assignment shall not extend to any Trademarks of Debtor registered in Canada) of, the following (being collectively referred to herein as the "Collateral"): (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: (i) all of Debtor's trademarks, tradenames, trade styles and service marks and all applications, registrations and recordings relating to the foregoing as may at any time be filed

in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other country or in any office or agency of such other country, or any political subdivision thereof, including, without limitation, the trademarks, terms, designs and applications in the manner and with the status described in Exhibit A hereto, together with all rights and privileges arising under applicable law with respect to Debtor's use of any trademarks, tradenames, trade styles and service marks, and all reissues, extensions, continuation and renewals thereof (all of the foregoing being collectively referred to herein as the "Trademarks"), provided, that, the Collateral shall not include trademarks, tradenames, tradestyles and service marks and all applications, registrations and recordings related thereto, together with all rights and privileges with respect to Debtor's use thereof, and all reissues, extensions, continuations and renewals thereof, for use in Japan (the "Japanese Trademarks") and the term "Trademark" as used herein shall not include such Japanese Trademarks; and (ii) all prints and labels on which such Trademarks appear, have appeared or will appear, and all designs and general intangibles of a like nature other than with respect to those used with the Japanese Trademarks in Japan; (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (c) all of Debtor's now existing or hereafter arising right, title and interest in and to each of the Trademark Licenses (as such term is defined below) and all proceeds thereunder, including, but not limited to (i) all rights of Debtor to receive monies due to become due to it thereunder or in connection therewith; (ii) all rights of Debtor to claims for damages and other relief pursuant or in respect of the Trademark Licenses; and (iii) all of rights of Debtor to perform and exercise all remedies thereunder and to require performance by the other parties to the Trademark Licenses of their obligations thereunder; and provided, that in no event shall the acceptance of this assignment by Secured Party or the exercise of any of its rights hereunder or otherwise, constitute an assumption of any liability or obligation of Debtor to any of the other parties to the Trademark Licenses or any other person; (d) all income, fees, royalties and other payments at any time due or payable with respect thereto, including, without limitation, payments under all Trademark Licenses at any time entered into in connection therewith; (e) the right to sue for past, present and future infringements thereof; (f) all rights corresponding thereto throughout the world; and (g) any and all other proceeds of any of the foregoing, including, without limitation, damages and payments or claims by Debtor against third parties for past or future infringement of the Trademarks.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of any and all obligations, liabilities and indebtedness of every kind, nature and description owing by Debtor to Secured Party and/or its affiliates, including principal, interest, charges, fees, costs and expenses, however evidenced, whether as principal, surety, endorser, guarantor or otherwise, whether arising under this Agreement, the Loan Agreement, the other Financing Agreements or otherwise, whether now existing or hereafter arising, whether arising before, during or after the initial or any renewal term of the Loan Agreement or after the commencement of any case with respect to Debtor under the United States Bankruptcy Code

or any similar statute (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the commencement of such case), whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured, and however acquired by Secured Party (all of the foregoing being collectively referred to herein as the "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants with and to Secured Party the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding):

(a) Debtor shall pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the full and clear title thereto in the manner and with the status indicated on Schedule A hereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Debtor shall, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of material registered Trademarks in any jurisdiction as registered trademarks in such jurisdiction (including, without limitation, the maintenance of the "AIRWALK", "CIRCLE A LOGO" and "RUNNING MAN" Trademarks in the United States of America, Canada and the United Kingdom and the other Perfected Jurisdictions) the existence of all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder and pursuant to the Loan Agreement, (ii) the security interests permitted under the Loan Agreement, and (iii) the licenses permitted under Section 3(e) below.

(c) Debtor shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Secured Party, except as otherwise permitted herein or in the Loan Agreement. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Debtor shall, at Debtor's expense, promptly perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement in the United States of America, Canada and the United Kingdom and in such other jurisdictions as Secured Party reasonably determines are necessary to protect its security interest in the material Trademarks (the "Perfected Jurisdictions"). Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party in the Perfected Jurisdictions.

Debtor further authorizes Secured Party to have this Agreement or any other similar security agreement filed with the Commissioner of Patents and Trademarks or any other appropriate federal, state or government office in the Perfected Jurisdictions.

(e) As of the date hereof, Debtor does not have any material Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or any political subdivision thereof, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto (such licenses and any future license agreements Debtor enters into, as permitted by this Agreement and the other Financing Agreements, other than any licenses related to the Japanese Trademarks are referred to collectively as the "Trademark Licenses").

(f) Debtor shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record or enforce the Obligations, the material Collateral, or the security interest in the material Trademarks and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, attorneys' fees and legal expenses. Debtor shall be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the rate then applicable to Prime Rate Revolving Loans as set forth in the Loan Agreement and shall be part of the Obligations secured hereby and in the other Financing Agreements.

(h) Debtor shall give written notice to Lender of the filing of any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States or any application for the registration of a Trademark in any other country or any office or agency of such other country or political subdivision thereof, contemporaneously with such filing. If, after the date hereof, Debtor shall (i) obtain any registered trademark or tradename, or apply for any such registration in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or political subdivision thereof other than Japan, or (ii) become the owner of any trademark registrations or applications for trademark registration used in the United States or any State thereof, political subdivision thereof or in any other country or political subdivision thereof other than Japan, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Secured Party, Debtor shall promptly execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other

papers as may be requested by Secured Party to evidence the security interest in and conditional assignment of such Trademark in favor of Secured Party.

(i) Debtor has not abandoned any of the Trademarks except as indicated on Exhibit A hereto and Debtor will not do any act, nor omit to do any act, whereby any material Trademark may become abandoned, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording with respect to any of the material Trademarks may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor shall render any assistance, as Secured Party shall determine is reasonably necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or any office or agency of such other country or political subdivision thereof, to maintain such application and registration of the material Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(k) To the best of Debtor's knowledge, after due inquiry, no infringement or unauthorized use presently is being made of any material Trademarks that would adversely affect the fair market value of the Collateral or the benefits of this Agreement granted to Secured Party, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Secured Party hereunder. Debtor shall promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design which infringes on any material Trademark or is likely to cause confusion with any material Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's reasonable discretion, may deem advisable for the protection of Secured Party's interest in and to any material Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees and legal expenses) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Loan Agreement.

(m) Debtor shall promptly pay Secured Party for any and all reasonable expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection or enforcement of the Obligations, the material Collateral, or the security interests in the material Trademarks and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and

attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the rate then applicable to the Prime Rate Revolving Loans set forth in the Loan Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any Event of Default, as such term is defined in the Loan Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

At any time an Event of Default exists or has occurred and is continuing, in addition to all other rights and remedies of Secured Party, whether provided under this Agreement, the Loan Agreement, the other Financing Agreements, applicable law or otherwise, Secured Party shall have the following rights and remedies which may be exercised with prior notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder:

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto other than the Japanese Trademarks for any purpose whatsoever. Secured Party may make use of any Trademarks for the sale of goods, completion of work-in-process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary or affiliate of Debtor or for such other reason as Secured Party may determine.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate to the extent such license will not violate any existing Trademark License. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries other than Japan.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of five (5) days prior written notice to Debtor of any proposed disposition shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to the terms hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the

Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all reasonable costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Debtor agrees that Secured Party has no obligation to preserve rights to the Trademarks against any other parties.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the reasonable costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any of the Obligations remaining unpaid after the application of such proceeds, and Debtor shall pay Secured Party on demand any such unpaid amount, together with interest at the rate then applicable to Prime Rate Revolving Loans set forth in the Loan Agreement.

(f) Debtor shall supply to Secured Party or to Secured Party's designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under this Agreement, the other Financing Agreements, applicable law, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW _____

(a) The validity, interpretation and enforcement of this Agreement and the other Financing Agreements and any dispute arising out of the relationship between the parties hereto, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of New York (without giving effect to principles of conflicts of law)

(b) Debtor and Secured Party irrevocably consent and submit to the non-exclusive jurisdiction of the Supreme Court of the State of New York in New York County and the United States District Court for the Southern District of New York and waive any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Agreement or any of the other Financing Agreements or in any way connected or related or incidental to the dealings of Debtor and Secured Party in respect of this Agreement or the other Financing Agreements or the transactions related hereto or thereto, in each case whether now existing or thereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above (except that Secured Party shall have the right to bring any action or proceeding against Debtor or its property in the courts of any other jurisdiction which Secured

Party deems necessary or appropriate in order to realize on the Collateral or to otherwise enforce its rights against Debtor or its property).

(c) Debtor and Secured Party each hereby waive personal service of any and all process upon it and consents that all such service of process may be made by certified mail (return receipt requested) directed to its respective address set forth herein and service so made shall be deemed to be completed five (5) days after the same shall have been so deposited in the U.S. mails, or, at such party's option, by service upon the other party in any other manner provided under the rules of any such courts. Within thirty (30) days after such service, the served party shall appear in answer to such process, failing which the served party shall be deemed in default and judgment may be entered by plaintiff against defendant for the amount of the claim and other relief requested.

(d) DEBTOR AND SECURED PARTY EACH HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF DEBTOR AND SECURED PARTY IN RESPECT OF THIS AGREEMENT OR ANY OF THE OTHER FINANCING AGREEMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. DEBTOR AND SECURED PARTY EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT DEBTOR OR SECURED PARTY MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF DEBTOR AND SECURED PARTY TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(e) Secured Party shall not have any liability to Debtor (whether in tort, contract, equity or otherwise) for losses suffered by Debtor in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Secured Party that the losses were the result of acts or omissions constituting gross negligence or willful misconduct. In any such litigation, Secured Party shall be entitled to the benefit of the rebuttable presumption that it acted in good faith and with the exercise of ordinary care in the performance by it of the terms of this Agreement and the other Financing Agreements.

7. MISCELLANEOUS

(a) All notices, requests and demands hereunder shall be in writing and deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, telegram or facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by certified mail, return receipt

requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this Section):

If to Debtor: Items International, Inc.
 1540-A East Pleasant Valley Boulevard
 Altoona, Pennsylvania 16602
 Attention: Chief Financial Officer

If to Secured Congress Financial Corporation
Party: 1133 Avenue of the Americas
 New York, New York 10036
 Attention: Mr. Andrew W. Robin

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Debtor and Secured Party pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 7(e) hereof. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability company, limited liability partnership, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Debtor and its successors and assigns and inure to the benefit of and be enforceable by Secured Party and its successors and assigns.

(d) If any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(e) Neither this Agreement nor any provision hereof shall be amended, modified, waived or discharged orally or by course of conduct, but only by a written agreement signed by an authorized officer of Secured Party and Debtor. Secured Party shall not, by any act, delay, omission or otherwise be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and signed by an authorized officer of Secured Party. Any such waiver shall be enforceable only to the extent

specifically set forth therein. A waiver by Secured Party of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which Secured Party would otherwise have on any future occasion, whether similar in kind or otherwise.

(f) Upon the receipt by Lender of (i) payment in full in cash or other immediately available funds of all of the Obligations (which are not contingent) and (ii) cash collateral in such amounts and on such terms as Lender shall deem reasonably acceptable for all contingent Obligations or such other arrangements for the satisfaction of contingent Obligations with respect to all contingent Obligations as Lender shall deem reasonably acceptable, then (A) this Agreement shall terminate and (B) upon written notice of same from Lender to Borrower, upon Borrower's request and at the expense of Borrower, except as otherwise required by applicable law, Lender shall execute and deliver to Borrower UCC-3 termination statements and such other release documents with respect to the Collateral as may be reasonably requested by Borrower, in form and substance, satisfactory to Lender and Borrower, to effectuate the termination of the security interest granted by Borrower to Lender herein and in the other Financing Agreements.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

ITEMS INTERNATIONAL, INC.

By: *A. Peter Goching*
Title: PRESIDENT

CONGRESS FINANCIAL CORPORATION

By: *John J. Seid*
Title: 3 VP

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 12th day of December, 1998, before me personally came Mr. Peter G. Schlegel, to me known, who being duly sworn, did depose and say, that he is the President of ITEMS INTERNATIONAL, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Allen Cremer
Notary Public

ALLEN CREMER
Notary Public, State of New York
No. 02CR5080700
Qualified in Kings County
Commission Expires June 16, 1999

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this 14th day of December, 1998, before me personally came Peter B. Seckel, to me known, who, being duly sworn, did depose and say, that he is the SVP of CONGRESS FINANCIAL CORPORATION, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Allen Cremer
Notary Public

~~Notary Public, State of New York
No. 02CR5080700
Qualified in Kings County
Commission Expires June 16, 1999~~

ALLEN CREMER
Notary Public, State of New York
No. 02CR5080700
Qualified in Kings County
Commission Expires June 16, 1999

**EXHIBIT A
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

Trademark:	Registration No.:	Regist. Date:
BOMBATO	1,708,349	8/26/97

Exhibit B

**Items International, Inc. Trademark
Licensing Agreements (with Effective Dates)**

- 1 DownForce Limited (1/1/97)
- 2 DownForce Limited (1/1/99)
- 3 Snowmass Apparel Inc. (9/1/97)
- 4 Candor Hosiery Mills Inc. (9/1/97)
- 5 Track N Field Pty. Ltd. (3/1/98)
- 6 Airwalk Australia Pty. Ltd. (as of October 6, 1998)
(in process of execution)
- 7 Whitenox Limited (12/4/97) (Sublicenses exist under this Agreement to LCS
International, B.V. and Calcados Dilly, LTDA)
- 8 Itochu Corporation (2/11/97)
- 9 Rossignol Ski Co. (6/98)
- 10 Airwalk Korea - Items is negotiating with Airwalk Korea with respect to a license
for use of the trademarks in Korea. Initially, Items has permitted the individuals
with whom it is dealing to form a corporation using the name "Airwalk Korea".

Any and all amendments to any of the above are also deemed to be included herein. All of the distributors of Items International, Inc. ("Items") explicitly or implicitly have rights to use the trademarks of Items in connection with the marketing and sale of products purchased from Items and such agreements (including any amendments thereof) are deemed to be included herein.

EXHIBIT C
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that ITEMS INTERNATIONAL, INC. ("Debtor"), having an office at 1540-A East Pleasant Valley Boulevard, Altoona, Pennsylvania 16602 hereby appoints and constitutes, severally, CONGRESS FINANCIAL CORPORATION ("Secured Party"), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks (other than any trademarks, tradenames or rights related thereto, registered and unregistered, for use in Japan and any licenses relating to Japan, provided, that, the foregoing shall not be construed to exclude any of the same trademarks, tradenames or rights related thereto, registered or unregistered, for use in any country or jurisdiction other than Japan) and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark Collateral Assignment and Security Agreement, dated of even date herewith, between Debtor and Secured Party (the "Security Agreement") and is subject to the terms and provisions thereof. This Power of Attorney, being coupled with an interest, is irrevocable until the Secured Party has received (i) payment in full in cash or other immediately available funds of all of the "Obligations" (as such term is defined in the Security Agreement) which are not contingent and (ii) cash collateral in such amounts and in such terms as Secured Party shall deem reasonably acceptable for all contingent Obligations or such other arrangements for the satisfaction of such contingent Obligations as Secured Party shall deem reasonably acceptable.

Dated: December __, 1998

ITEMS INTERNATIONAL, INC.

By: _____

Title: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ____ day of December 1998, before me personally came _____, to me known, who being duly sworn, did depose and say, that he is the _____ of ITEMS INTERNATIONAL, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Notary Public

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C

230 PARK AVENUE
NEW YORK, N. Y. 10169-0075

(212) 661-9100

CABLE ADDRESS: "OTLERTON"
FACSIMILE: (212) 682-6104

January 5, 1999

BY FEDERAL EXPRESS

United States Patent and Trademark Office
Office of Public Records
Attn: Customer Services Counter
1213 Jefferson Davis Highway - 3rd Floor
Arlington, Virginia 22202

Re: Items International, Inc.

Dear Sir/Madam:

We enclose for recording with The United States Patent and Trademark Office the following documents together with a check payable to the Commissioner of Patent and Trademarks in the amount of the required recordation fee:

1. one (1) original Recordation Form Cover Sheet Trademarks Only;
2. one (1) original Trademark Collateral Assignment and Security Agreement, dated December 17, 1998, by Items International, Inc. in favor of Congress Financial Corporation; and
3. check no. 17688 made payable to the Commissioner of Patents and Trademarks in the amount of \$40.00, representing the filing fee, annexed to the Cover Sheet.

Kindly acknowledge receipt of the foregoing on the enclosed copy of this letter annexed hereto and return same in the self addressed stamped envelope.

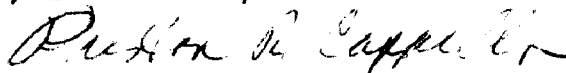
ASSIGNMENT BRANCH
99 JAN -5 AM 9:40
RECEIVED

TRADEMARK
REEL: 1837 FRAME: 0215

Thank you for your prompt attention to this matter.

Very truly yours,

OTTERBOURG, STEINDLER, HOUSTON & ROSEN, P.C.



Preston R. Cappello
Paralegal

Enclosures

cc: Valerie S. Mason, Esq.
Allen Cremer, Esq.

Receipt Acknowledged

By: _____

Title: _____