

02-08-1999

COVER SHEET ONLY

U.S. DEPARTMENT OF Patent and Trademark

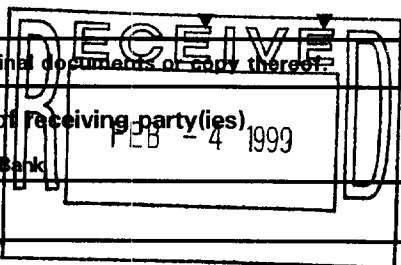


Tab settings DDD

To the Honorable Commission

100961573

the attached original documents or copy thereof



1. Name of conveying party(ies): GUERNSEY BEL, INC.
Individual(s) Association
General Partnership Limited Partnership
Corporation-State (IL)
Other
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):
Name: LaSalle National Bank
Internal Address:
Street Address: 135 South LaSalle Street
City: Chicago State: IL Zip: 60603

Individual(s) citizenship
Association IL
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: JANUARY 20, 1999

4. Application number(s) or trademark
A. Trademark Application No.(s) 75-447,775 75-400,734
B. Trademark Registration 2,105,505

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Federal Research Corp.
Internal Address:
Street Address: 400 Seventh St NW Suite 101
City: Washington State DC ZIP: 20004

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41) \$ 90.00
Enclosed
Authorized to be charged to deposit

8. Deposit account number:
(Attach duplicate copy of this page if paying by deposit account)

02/05/1999 DNGUYEN 00000104 2105505

DO NOT USE THIS SPACE

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02 FC:482 50.00 OP

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 of the original document.

Nancy A. Butler
Name of Person

Signature

1/26/99
Date

Total number of pages including cover sheet, attachments, and document: 12

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

TRADEMARK
REEL: 1849 FRAME: 0813

## TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT, dated as of January 20<sup>th</sup>, 1999 (this "Agreement"), is from GUERNSEY BEL, INC., an Illinois corporation (the "Company"), in favor of LASALLE NATIONAL BANK (in its individual capacity, "LaSalle") in its capacity as agent for the Lender Parties referred to below (in such capacity, the "Agent").

### W I T N E S S E T H:

WHEREAS, the Company has entered into a Credit Agreement dated as of January 20, 1999 (as amended, waived or otherwise modified from time to time, the "Credit Agreement") with various financial institutions and the Agent, pursuant to which such financial institutions have agreed to make loans to, and issue or participate in letters of credit for the account of, the Company;

WHEREAS, the Company has entered into a Reimbursement Agreement dated as of even date herewith (as amended or otherwise modified from the time, the "Reimbursement Agreement") with LaSalle pursuant to which LaSalle has agreed to issue a \$5,386,158 letter of credit for the account of the Company;

WHEREAS, the obligations of the Company under the Credit Agreement and the Reimbursement Agreement are to be secured pursuant to this Agreement;

NOW, THEREFORE, for and in consideration of any loan, advance or other financial accommodation heretofore or hereafter made to the Company under or in connection with the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. When used herein, (a) capitalized terms which are not otherwise defined have the meanings assigned thereto in the Credit Agreement; and (b) the terms Lender Parties and Liabilities have the respective meanings assigned thereto in the Security Agreement of even date herewith among Company and Agent.

2 Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Liabilities (as such term is defined in the Security Agreement), the Company grants to Agent for the benefit of the Lender Parties 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 and the Credit Agreement, all of the Company's now owned or existing and hereafter acquired or arising:

(A) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on the attached Schedule I and (i) all renewals thereof, (ii) all income, royalties, 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 or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Company's business symbolized by the foregoing and connected therewith and (v) all of the Company's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications and service marks, registered service marks and service mark applications, together with the items described in clauses (i) through (v) above Section 2(A) are referred to collectively as the "Trademarks"); and

(B) rights under or interests in any trademark license agreements or service mark license agreements with any other party, whether the Company is licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on the attached Schedule II, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by the Company and now or hereafter covered by such licenses (all of the foregoing are referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 2(B), the Licenses do not include any license agreement in effect as of the date of this Agreement, which by its terms prohibits the grant of the security contemplated by this Agreement; *provided, however*, that upon the termination of such prohibitions for any reason whatsoever, the provision of this Section 2 are deemed to apply thereto automatically.

3. Restrictions on Future Agreement. The Company will not, without the Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, that is inconsistent with this Agreement and the Company further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, that would in any respect affect the validity or enforcement of the rights transferred to the Agent for the benefit of the Lender Parties under this Agreement or the rights associated with the Trademarks or Licenses.

4. New Trademarks and Licenses. The Company represents and warrants that, as of the date of this Agreement, (i) the Trademarks listed on Schedule I include all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned or held by the Company, (ii) the Licenses listed on Schedule II include all of the trademark license agreements and service mark license agreements under which the Company is the licensee or licensor and (iii) no Liens, claims or encumbrances in such Trademarks and Licenses have been granted by the Company to any Person or asserted by any Person against the Company other than the Agent except for Liens permitted under Section 10.8 of the Credit Agreement. If, prior to the termination of this Agreement, the Company (a) obtains rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (b) becomes entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensees or licensors or (c) enters into any new trademark license agreement or

service mark license agreement, the provisions of Section 2 automatically apply thereto. The Company will give to the Agent written notice of events described in clauses (a)-(c) above promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis, and upon such occurrence, the Company authorizes the Agent to modify this Agreement unilaterally (x) by amending Schedule I to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and by amending Schedule II to include any future trademark license agreements and service mark license agreements, that are Trademarks or Licenses under Section 2 or under this Section 4 and (y) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule I or Schedule II thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

5. Royalties. The Company agrees that the use by the Agent of the Trademarks and Licenses as authorized under this Agreement in connection with the Agent's exercise of its rights and remedies under Section 13 hereunder or under the Credit Agreement are coextensive with the Company's rights thereunder and with respect thereto and without any liability to the Company for royalties or other related charges from the Agent.

6. Right to Inspect; Further Assignments and Security Interest. The Agent may at all reasonable times (and at any time when an Event of Default exists and is continuing) have access to, examine, audit, make copies (at the Company's expense) and extracts from and inspect the Company's premises and examine the Company's books, records and operations relating to the Trademarks and Licenses as provided in Section 10.2 of the Credit Agreement; *provided, however,* that in conducting such inspections and examinations, the Agent will use reasonable efforts not to disturb unnecessarily the conduct of the Company's ordinary business operations. The Company agrees (i) not to sell or assign its interest in, or grant any license under, the Trademarks of the Licenses without the prior written consent of the Agent, (ii) to maintain the quality of such products as of the date of this Agreement, and (iii) not to change the quality of such products in any material respect without the Agent's prior written consent.

7. Nature and Continuation of the Agent's Security Interest; Termination of the Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement creates a continuing security interest in the Trademarks and Licenses and terminates only when the Agent and the Lender Parties have no further obligation to extend any credit, no Liabilities remain outstanding and the Credit Agreement has been terminated. When this Agreement has terminated, the Agent will promptly execute and deliver to the Company, at the Company's expense, all termination statements and other instruments as the Company may reasonably deem necessary or proper to terminate the Agent's security interest in the Trademarks and the Licenses, subject to any disposition thereof that may have been made by the Agent under this Agreement or the Credit Agreement.

8. Duties of the Company. The Company shall have the duty, through counsel reasonably acceptable to the Agent and to the extent desirable in the normal conduct of the Company's business, to: (i) prosecute diligently and in good faith any trademark application or service mark application that is part of the Trademarks pending as of the date of this Agreement

or hereafter until the termination of this Agreement; provided that the Company may abandon any such application upon 30 days' prior written notice to the Agent and (ii) make application for trademarks or service marks. The Company will use its best efforts to maintain in full force and effect the Trademarks and the Licenses that a prudent Person would reasonably maintain in the operation of the Company's business. Any expenses incurred in connection with the foregoing will be borne by the Company. Neither the Agent nor any Lender Party has any duty with respect to the Trademarks and Licenses. Without limited the generality of the foregoing, the Agent is not under any obligation to take any steps necessary to preserve rights in the Trademarks or Licenses against other parties, but may do so at its option from and after the occurrence and during the continuance of an Event of Default and all expenses incurred in connection therewith will be for the sole account of the Company and will be added to the Liabilities secured thereby.

9. The Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Agent or any Lender Party has the right, but is not obligated, to bring suit in its own name to enforce the Trademarks and the Licenses and, if the Agent or any Lender Party commences any such suit, the Company will, at the request of the Agent or such Lender Party, do any and all lawful acts and execute any and all proper documents required by the Agent or such Lender Party in aid of such enforcement. The Company will, upon demand, promptly reimburse the Agent or any Lender Party for all reasonable costs and expenses incurred by the Agent or such Lender Party in the exercise of its rights under this Section 9 (including, without limitation, fees and expenses of attorneys and paralegal for the Agent or such Lender Party).

10. Waivers. The Agent's failure, at any time or times hereafter, to require strict performance by the Company of any provision of this Agreement does not waive, affect or diminish any right of the Agent thereafter to demand strict compliance and performance therewith nor does any course of dealing between the Company and the Agent have such effect. No single or partial exercise of any right under this Agreement precludes any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of the Company contained in this Agreement are deemed to have been suspended or waived by the Agent unless such suspension or waiver is in writing signed by an authorized signatory of the Agent and directed to the Company specifying such suspension or waiver.

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

12. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Sections 2 and 4 or by a writing signed by the Company and the Agent.

13. Cumulative Remedies; Power of Attorney. (A) The Company irrevocably designates, constitutes and appoints the Agent (and all Persons designated by the Agent in its sole and absolute discretion) as the Company's true and lawful attorney-in-fact, and authorizes the Agent and any of the Agent's designees, in the Company's or the Agent's name to take any action and execute any instrument to the extent necessary to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse the Company's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the Trademarks or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses, to anyone and (iv) take any other actions with respect to the Trademarks or the Licenses as the Agent deems necessary, in its reasonable discretion, to protect its interests under this Agreement. The Company ratifies all that such attorney-in-fact lawfully does or causes to be done by virtue of the provisions of this Section 13. This power of attorney is coupled with an interest and is irrevocable until the Agent and the Lender Parties have no further obligation to extend any credit and no Liabilities remain outstanding. The Company acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Agent under the Credit Agreement or any of the other Loan Documents, but rather is intended to facilitate the exercise of such rights and remedies. The Agent agrees that it will not take any action under the authority granted to it pursuant to this Section 13(A) unless an Event of Default has occurred and is continuing.

(B) The Agent has, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies 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 Trademarks or the Licenses may be located or deemed located. Upon the occurrence and during the continuation of an Event of Default and the election by the Agent to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Trademarks and Licenses, the Company agrees to assign, convey and otherwise transfer title in and to the Trademarks and the Licenses to the Agent or any transferee of the Agent, for the benefit of the Lender Parties and to execute and deliver to the Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's rights and remedies with respect to the Trademarks and the Licenses, whether established by this Agreement, by the Credit Agreement, by any other Loan Document or by law, are cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth in this Agreement to the contrary, it is expressly agreed that upon the occurrence and during the continuation of an Event of Default, the Agent may exercise any of the rights and remedies provided in this Agreement, the Credit Agreement and any of the other Loan Documents.

14. Successors and Assigns. This Agreement is binding upon the Company and its successors and assigns, and inures to the benefit of the Agent, for the benefit of the Lender Parties, and its permitted successors and assigns. The Company's successors and assigns include, without limitation, a receiver, trustee or debtor-in-possession of or for the Company; *provided, however*, that the Company will not voluntarily assign or transfer its rights or obligations under this Agreement without the Agent's prior written consent.

15. GOVERNING LAW. THIS AGREEMENT SHALL BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS. WHENEVER POSSIBLE EACH PROVISION OF THIS AGREEMENT SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS AGREEMENT SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS AGREEMENT. ALL OBLIGATIONS OF THE COMPANY AND RIGHTS OF THE AGENT EXPRESSED HEREIN OR IN ANY OTHER LOAN DOCUMENT SHALL BE IN ADDITION TO AND NOT IN LIMITATION OF THOSE PROVIDED BY APPLICABLE LAW.

16. Notices. All notices or other communications under this Agreement will be given in the manner and to the addresses set forth in the Credit Agreement.

17. Section Titles. The section and paragraph titles of this Agreement are for convenience of reference only, and do not affect in any way the interpretation of any of the provision of this Agreement.


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

19. WAIVER OF JURY TRIAL. EACH OF THE COMPANY, THE AGENT AND (BY ACCEPTING THE BENEFITS HEREOF) EACH LENDER PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH OR ARISING FROM ANY FINANCING ARRANGEMENT EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

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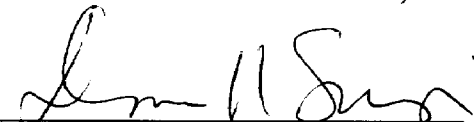
Delivered at Chicago, Illinois, as of the day and year first above written.

**GUERNSEY BEL, INC.**

By:   
Name: John R. Scales  
Title: President

Accepted and agreed to as of  
day and year first above written.

**LASALLE NATIONAL BANK, as Agent**

By:   
Donna N. Smith  
Senior Vice President

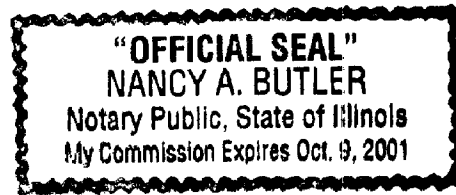


STATE OF ILLINOIS     )  
                                          )  
COUNTY OF COOK     )

The foregoing Trademark Security Agreement was acknowledged before me this 20<sup>th</sup> day of January, 1999, by John R. Soakes, President & CEO of Guernsey Bel, Inc., an Illinois corporation, on behalf of such corporation.

Nancy A. Butler  
Notary Public

My commission expires: 10/9/01

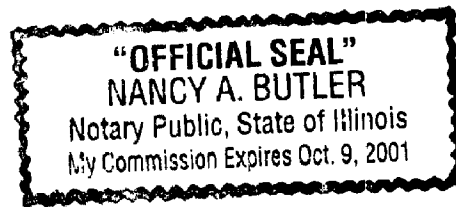


STATE OF ILLINOIS     )  
                                  )  
COUNTY OF COOK     )

The foregoing Trademark Security Agreement was acknowledged before me this 20<sup>th</sup> day of January, 1999, by Donna N. Smith, a Senior Vice President of LaSalle National Bank, on behalf of such bank in its capacity as Agent.

*Nancy A. Butler*  
Notary Public

My commission expires: 10/9/01



# SCHEDULE I

## Registered Trademarks

<b>Trademark</b>	<b>Registration Number</b>	<b>Registration Date</b>
Guernsey Bel, Inc.	2,105,505	10/14/97

## Trademark Applications

<b>Trademark</b>	<b>Application/Serial Number</b>	<b>Application/File Date</b>
Decadence by Design	75-447,775	3/10/98
Quiklaunch	75-400,734	12/5/97

**SCHEDULE II**

**Licenses**

**None.**