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FEDERAL RESEARCH

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FORM PTO-1594

(Rev. 8-85)

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

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03-23-1999

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings



To the Honorable Commissioner of Patents or

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all documents or copy thereof.

1. Name of conveying party(ies):

Halsey Drug Co., Inc.

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

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

2. Name and address of receiving party(ies)

Name: Galen Partners III, L.P.
Galen Partners International III, L.P.

Internal Address: Galen Employee Fund III, L.P.
Street Address: 1615 Fifth Avenue

City: NY State: NY ZIP:

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership Delaware
- 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
- Security Agreement Amendment
- Other
- Merger
- Change of Name

Execution Date: 10-19-98

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

364,375

Additional numbers attached? Yes No

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

Return To
National Corporate Research, LTD.
225 W. 34th St., Suite 910
New York, N.Y. 10122
(800) 221-0102 (212) 947-7200

Street Address: 230 LUXE AVE
City: NY State: NY ZIP: 10177

6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 3.41).....\$ 40⁰⁰

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

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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.

Name of Person Signing

Signature

Date

Total number of pages including cover sheet, amendments, and document: 6

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

TRADEMARK
REEL: 1872 FRAME: 0859

SCHEDULE A

MARK

REG. NO.

REG. DATE

BLUE CROSS AND DESIGN

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01/08/1939

**FIRST AMENDMENT
TO
GENERAL SECURITY AGREEMENT**

FIRST AMENDMENT dated as of October 19, 1998 (the "First Amendment") by and among among HALSEY DRUG CO., INC., a New York corporation ("Debtor"), GALEN PARTNERS III, L.P. ("Galen"), GALEN PARTNERS INTERNATIONAL III, L.P., GALEN EMPLOYEE FUND III, L.P., each Delaware limited partnerships (collectively the "Galen Entities"), Peter Weisbrot and Susan Weisbrot (the "Weisbrots", the Galen Entities and the Weisbrots collectively, the "Lender"), and Galen, as agent for Lender, (the "Third Amendment Agent") to GENERAL SECURITY AGREEMENT dated as of August 12, 1998 (as amended through the date hereof, the "General Security Agreement") by and between Debtor and the Galen Entities. Terms that are capitalized in this First Amendment and not otherwise defined shall have the meaning ascribed to such terms in the Bridge Loan Agreement dated August 12, 1998 (the "Original Bridge Loan"), as amended by the First Amendment to Bridge Loan Agreement dated September 17, 1998, as further amended by the Second Amendment to Bridge Loan Agreement dated October 2, 1998 by and between Borrower and The Galen Entities, and as further amended by the Third Amendment to Bridge Loan Agreement dated the date hereof (the "Third Amendment to the Bridge Loan Agreement") by and between Borrower and Lender, (as same may be amended from time to time, the "Bridge Loan Agreement").

WITNESSETH:

WHEREAS, Borrower has requested that Lender consider making an additional \$250,000 bridge loan available to Borrower, the proceeds of which will be used by Borrower solely for Borrower's working capital purposes and other general business purposes, in each case pursuant to the Bridge Loan Agreement, as amended through the date hereof, in accordance with the terms thereof and hereof.

WHEREAS, the Lender has required, as a condition precedent to the effectiveness of the Third Amendment to the Bridge Loan Agreement, that the Debtor (i) grant to the Third Amendment Agent, for the ratable benefit of the Lender, a security interest in and to the Collateral as defined in the General Security Agreement dated August 12, 1998, and (ii) execute and deliver this First Amendment in order to secure the payment and performance by the Debtor of the Obligations, as such term is defined in the Paragraph 1.1 of the Bridge Loan Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the recipient and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Amendment. Upon the fulfillment of the conditions set forth in Section Two of the Bridge Loan Agreement, the General Security Agreement shall be and is hereby amended as follows:

1. **NEW SECTION I.** A new section I is added to read, in its entirety, as follows:

“SECTION I. AMENDMENTS TO CERTAIN DEFINITIONS.

B. **Bridge Loan Agreement.** All references to Bridge Loan Agreement shall mean the Bridge Loan Agreement (including all Schedules and Exhibits thereto) dated August 12, 1998, as amended by the First Amendment to the Bridge Loan Agreement dated as of September 17, 1998, as further amended by the Second Amendment to the Bridge Loan Agreement dated as of October 2, 1998, each by and among Debtor, Galen Partners III, L.P. (“Galen”), Galen Partners International III, L.P. and Galen Employee Fund III, L.P. (collectively, the “Galen Entities”), and as further amended by the Third Amendment to the Bridge Loan Agreement dated October 19, 1998 (the “Third Amendment to the Bridge Loan Agreement”, as amended through the date hereof, the “Bridge Loan Agreement”) by and among Debtor, the Galen Entities, Michael Weisbrot, Susan Weisbrot (the “Weisbrots”, the Galen Entities and the Weisbrots collectively, the “Lender”) and Galen, as agent for the Lender (the “Third Amendment Agent”).

B. **General Security Agreement.** All references to General Security Agreement shall mean the General Security Agreement dated August 12, 1998 by and between Debtor and the Galen Entities, including all Schedules and Exhibits thereto, the “Original Security Agreement”), as amended by the First Amendment to the General Security Agreement dated as of October 19, 1998 (the “First Amendment”) by and among Debtor, the Lender and the Third Amendment Agent.

C. **Substitution of the Defined Term “Galen” by the Defined Term “Lender” or “Third Amendment Agent”.** All references made in the Original Security Agreement to the term “Galen” shall be substituted by the term “Lender” or by the term “Third Party Agent”, as the context requires.”

2. **SECTION I.** Section I is amended to read, in its entirety, as follows:

“SECTION II. CREATION OF SECURITY INTEREST.

Debtor hereby pledges, assigns and grants to the Third Amendment Agent, for the ratable benefit of the Lender, a continuing perfected lien on and security interest in all of the Debtor’s right, title and interest in and to the collateral (as defined in Section II below) in order to secure the payment and performance of all Obligations (as defined in Paragraph 1.1 of the Bridge Loan Agreement) owing by the Debtor.”

Section Two. General Provisions.

1. Except as herein expressly amended, the General Security Agreement and all other agreements, documents, instruments and certificates executed in connection therewith, are ratified and confirmed in all respects and shall remain in full force and effect in accordance with their respective terms.

2. All references in the Credit Documents to the General Security Agreement shall mean the General Security Agreement as amended as of the effective date hereof, and as amended hereby and as hereafter amended, supplemented or modified from time to time. From and after the date hereof, all references in the General Security Agreement to "this Agreement," "hereof," "herein," or similar terms, shall mean and refer to the General Security Agreement as amended by this First Amendment.

3. The headings preceding the text of the sections and subsections of this First Amendment are used solely for convenience of reference and shall not affect the meaning, construction, or effect of the Agreement.

4. The validity and effect of this First Amendment shall be determined by reference to the substantive laws of the State of New York without regard to the principles of conflicts of laws, except to the extent that such other laws may govern the grant and perfection of a security interest in the Collateral.

5. This First Amendment may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same First Amendment.

IN WITNESS WHEREOF, the Debtor has caused this First Amendment to be duly executed and delivered as of the day and year first above written.

HALSEY DRUG CO., INC.

By: _____



Name: Michael Reicher
Title: Chief Executive Officer

By its acceptance hereof, as of the day and year first above written, the Third Amendment Agent agrees to be bound by the provisions hereof applicable to it.

GALEN PARTNERS III, L.P., as Third Amendment Agent

By: Claudius, L.L.C., General Partner

By: _____

Name: Bruce F. Wesson
Title: Managing Member

IN WITNESS WHEREOF, the Debtor has caused this First Amendment to be duly executed and delivered as of the day and year first above written.

HALSEY DRUG CO., INC.

By: _____

Name: Michael Reicher
Title: Chief Executive Officer

By its acceptance hereof, as of the day and year first above written, the Third Amendment Agent agrees to be bound by the provisions hereof applicable to it.

GALEN PARTNERS III, L.P., as Third Amendment Agent

By: Claudius, L.L.C., General Partner

By: Bruce F. Wesson

Name: Bruce F. Wesson
Title: Managing Member