

02-07-2000

1-31-92

To the Honorable Commissioner of Patents and Trade



ments or copy thereof.

1. Name of conveying party(ies):
Spring Air Partners - New Jersey, Inc.
134 Spring Street
Suite 204
New York, NY 10012

101260545

is of receiving party(ies):

Name: Mellon Bank, N.A.
Attention: William Means
Street Address: 610 West Germantown Pike
Suite 200
City: Plymouth Meeting
State: PA
ZIP: 19462

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

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

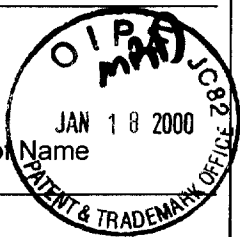
Additional name(s) of conveying party(ies) attached? 1 Yes 2 No

If assignee is not domiciled in the United States, a domestic representative designation is attached: 5 Yes 6 No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? 7 Yes 8 No

3. Nature of conveyance:

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

Execution Date: August 6, 1999



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

A. Trademark Application No.(s)

See attached Exhibit A

B. Trademark Registration No.(s)

See attached Exhibit A which lists trademarks

Additional numbers attached? Yes No

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

Name: Drinker Biddle & Reath LLP
Internal Address: Susan W. Kane
Street Address: 1000 Westlakes Drive
Suite 300
City: Berwyn
State: PA
ZIP: 19312

6. Total number of applications and registrations involved:

15

7. Total fee (37 CFR 3.41): \$ 390

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

02/04/2000 DNGUYEN 00000187 1267138

DO NOT USE THIS SPACE

01 FC:481
02 FC:482

40.00 DP
350.00 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.

Daniel J. Sullivan, Sr
Name of Person Signing

Signature

Jan. 11 2000
Date

Total number of pages comprising cover sheet: 17

TRADEMARK COLLATERAL SECURITY AGREEMENT

THIS TRADEMARK COLLATERAL SECURITY AGREEMENT (this "Agreement") is made and entered into as of the 6th day of August, 1999 among SPRING AIR PARTNERS - NORTH AMERICA, INC., a New Jersey corporation ("SAP-NA"), SPRING AIR PARTNERS - NEW JERSEY, INC., a New Jersey corporation ("SAP-NJ"), SPRING AIR PARTNERS - PENNSYLVANIA, INC., a New Jersey corporation ("SAP-PA"), SPRING AIR PARTNERS - CALIFORNIA, INC., a New Jersey corporation ("SAP-CA"), CHATTAM & WELLS, INC., a Delaware corporation ("C&W"), SPRING AIR CALIFORNIA - DELUXE BEDDING CO., INC., a California corporation ("SAC-DBC"), CHATTAM AND WELLS MATTRESS COMPANY, L.L.C., a California limited liability company ("C&W-LLC") (SAP-NA, SAP-NJ, SAP-PA, SAP-CA, C&W, SAC-DBC and C&W-LLC shall be referred to hereinafter individually and collectively as "Assignor"), and MELLON BANK, N.A., a national banking association ("Assignee").

BACKGROUND

A. In order to induce Assignee to make available to Assignor a revolving credit facility pursuant to that certain Credit and Security Agreement dated as of the date hereof among Assignee and Assignor (as amended, modified or extended from time to time, the "Loan Agreement"), Assignor has agreed to grant to Assignee a security interest in certain servicemarks, trademarks, trade names and the goodwill associated therewith, as herein provided.

B. Any term capitalized but not defined herein shall have the meaning given to such term in the Loan Agreement.

NOW THEREFORE, in consideration of the premises and of the mutual covenants of the parties hereto, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Grant of Security Interest. To secure: (A) the complete and timely payment, satisfaction and performance of the liabilities, obligations, covenants and agreements of Assignor to Assignee, whether arising out of or incurred in connection with the Loan Agreement, the Note and/or the other Loan Documents, as such liabilities, obligations, covenants and agreements may be hereafter amended, increased, decreased, supplemented or extended by any and all renewals, extensions, replacements or modifications of such Loan Agreement, Note or other Loan Documents hereafter entered into or otherwise arising or incurred; and (B) the complete and timely payment, satisfaction and performance of all other existing and future liabilities, obligations, covenants and agreements of Assignor to Assignee, whether arising out of the transactions contemplated by the Loan Agreement or otherwise arising, whether absolute or contingent, direct or indirect, of any nature whatsoever, whether now existing or hereafter entered into (all of such liabilities and obligations are hereinafter collectively referred to as the "Obligations"), Assignor hereby grants and conveys to Assignee with power of sale, to the extent permitted by law, upon the occurrence of an Event of Default as hereinafter defined, a security interest in and to each and every one of Assignor's now owned or existing or hereafter acquired or arising servicemark applications, servicemarks (whether registered, unregistered or for which

any application to register has been filed), trademark applications, trademarks (whether registered, unregistered or for which any application to register has been filed), and trade names, all of which are listed in Schedule A attached hereto and incorporated herein (as the same may be amended pursuant hereto from time to time), including, without limitation, all renewals thereof and all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights owned by Assignor corresponding thereto throughout the world (all of the foregoing are collectively called the "Marks"), and the goodwill of the business to which such Marks may relate.

2. Warranties and Representations. Assignor covenants and warrants that: (A) it is the sole and exclusive owner of the entire right, title and interest in each of the registered Marks in connection with the conduct of its business in the jurisdictions in which it is operating; (B) the Marks are free and clear of any liens, pledges, assignments or other encumbrances; (C) it has the unqualified right to enter into this Agreement and perform its terms; (D) the registered Marks are subsisting and have not been adjudged invalid or unenforceable; (E) each of the registered Marks is valid and enforceable; (F) no material claim has been made that the use of any of the Marks does or may violate the rights of any third person except for claims previously disclosed in writing to Assignee; and (G) Assignor has used, and will continue to use for the duration of this Agreement, proper statutory notice in connection with its use of the registered Marks. Assignor shall, in any event, indemnify and hold Assignee harmless from all losses, damages, costs and expenses, including reasonable legal costs and counsel fees, incurred by Assignee as the direct or indirect result of any action, claim or demand, whether or not groundless, alleging that any Mark infringes any servicemarks or trademarks held by third parties.

3. Right to Benefits. If, before the Obligations shall have been satisfied in full, Assignor shall become entitled to the benefit of any additional servicemark, trademark registration or application, the provisions of paragraph 1 shall automatically apply thereto and Assignor shall give Assignee reasonably prompt written notice thereof.

4. Future Marks. Assignor authorizes Assignee to modify this Agreement by amending Schedule A to include any future servicemarks, trademarks, or trade names which are Marks under paragraph 1 or paragraph 3 hereof.

5. Events of Default.

(a) It shall constitute an event of default (each, an "Event of Default") hereunder if (1) any representation or warranty made by Assignor herein shall prove to have been incorrect in any material respect; or (B) Assignor fails to comply with any of the covenants contained herein when and as such compliance is due provided that, with respect to any such default that is capable of being cured (which shall be determined in the sole and absolute discretion of Assignee), such default continues uncured for a period of fifteen (15) days after any Assignor first acquires knowledge of such default.

(b) The occurrence of any Event of Default as defined under any of the other Loan Documents shall also constitute an Event of Default under this Agreement, and any Event

of Default under this Agreement shall constitute an Event of Default under each of the other Loan Documents.

6. Assignor's Right to Use Marks. Unless and until an Event of Default shall occur, Assignor shall retain the legal and equitable title to the Marks and shall have the right to use the Marks in the ordinary course of its business but in no event shall Assignor be permitted to sell, assign, transfer or otherwise encumber the Marks or any part thereof except as otherwise permitted in writing by Assignee.

7. Maintenance of Marks. Assignor shall have the duty to diligently maintain all registrations of those Marks which remain in use in interstate commerce, including the timely filing of declarations of continuous use and renewals as appropriate.

8. Assignee's Rights As Secured Party. If any Event of Default shall have occurred, Assignee shall have, in addition to all other rights and remedies given it by this Agreement and the Loan 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 Marks may be located and, without limiting the generality of the foregoing, Assignee may immediately, without demand of performance and without advertisement, sell at public or private sale or otherwise realize upon, in Pennsylvania or elsewhere, all or a portion of the Marks and, as applicable, the goodwill associated therewith, or any interest which Assignor has therein, and after deducting from the proceeds of said sale or other disposition of the Marks all expenses (including all reasonable expenses for broker's fees and legal services), shall apply the residue of such proceeds for the payment of the Obligations. Notice of any sale or other disposition of the Marks shall be given in writing to Assignor at least ten (10) days before the time of any intended public or private sale or other disposition of the Marks is to be made, which Assignor hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, Assignee may, to the extent permissible under applicable law, purchase the whole or any part of the Marks sold, free from any right of redemption on the part of Assignor, which right is hereby waived and released.

9. Power of Attorney. If any Event of Default shall have occurred, Assignor hereby authorizes and empowers Assignee to make, constitute and appoint any officer or agent of Assignee as Assignee may select in its exclusive discretion, as Assignor's true and lawful attorney-in-fact, with the power to endorse Assignor's names on all applications, documents, papers and instruments necessary for Assignee to use the Marks, or to grant or issue any exclusive or non-exclusive license under the Marks to any third person, or necessary for Assignee to assign, pledge, convey or otherwise transfer title in or dispose of the Marks and, as applicable, the goodwill associated therewith, to any third person. Assignor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement and until all of the Obligations shall have been satisfied in full.

10. Termination. At such time as (i) Assignor shall completely satisfy all of the Obligations, (ii) Assignee's commitment to lend under the Loan Agreement terminates, and (iii) Assignor submits to Assignee a written request that the security interests granted herein be terminated, this Agreement shall terminate and Assignee shall execute and deliver to Assignor all

releases, deeds, assignments and other instruments as may be necessary or proper to re-vest in Assignor the full unencumbered title to the Marks, and, as applicable, the goodwill associated therewith, subject to any disposition thereof which may have been made by Assignee pursuant hereto.

11. Fees and Expenses of the Assignee. If any Event of Default shall have occurred, any and all reasonable fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Assignee in connection with the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Marks, or in defending or prosecuting any actions or proceedings arising out of or related to the Marks, shall be paid by Assignor on demand by Assignee, and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the highest rate prescribed in the Loan Agreement.

12. Protection of Marks. If any Event of Default shall have occurred, Assignee shall have the right but shall in no way be obligated to bring suit in its own name to enforce the Marks, in which event Assignor shall at the request of Assignee do any and all lawful acts and execute any and all proper documents reasonably required by Assignee in aid of such enforcement, and Assignor shall promptly, upon demand, reimburse and indemnify Assignee for all reasonable costs and expenses incurred by Assignee in the exercise of its rights under this paragraph 12.

13. No Waiver. No course of dealing between Assignor and Assignee, nor any failure to exercise, nor any delay in exercising, on the part of Assignee, any right, power or privilege hereunder or under the Loan Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise 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. Manufacture and Sale. The parties understand and agree that the collateral security agreement of the Marks as provided for in this Agreement, together with other collateral provided to Assignee pursuant to the Loan Agreement and the other Loan Documents, will permit Assignee, upon the occurrence and during the continuance of an Event of Default as provided herein, to make use of all rights to the Marks, the goodwill associated therewith and certain equipment and machinery as set forth in the Loan Documents, all of which will permit the Assignee to manufacture and sell the products or provide the services for which the use of the Marks is associated and maintain substantially the same product specifications and quality as maintained by Assignor.

16. Amendment. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 4.

17. Successors and Assigns. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties.

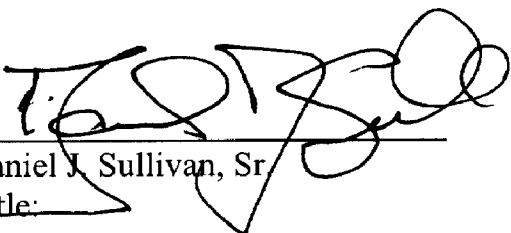
18. Further Acts. Assignor agrees to execute and file any documents which are or may be required in order to perfect the recordal of this Agreement in the United States Patent and Trademark Office.

19. Governing Law. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the Commonwealth of Pennsylvania.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]


IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have executed this Agreement the day and year first above written.

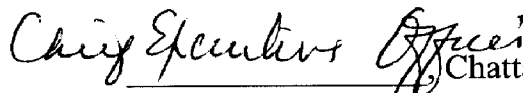
SPRING AIR PARTNERS – CALIFORNIA, INC.
SPRING AIR PARTNERS -NORTH AMERICA, INC.
SPRING AIR PARTNERS – PENNSYLVANIA, INC.
SPRING AIR PARTNERS -NEW JERSEY, INC.
CHATTAM & WELLS, INC.
SPRING AIR-CALIFORNIA—DELUXE BEDDING, CO., INC.
CHATTAM & WELLS MATTRESS COMPANY, L.L.C.

By: 
Daniel J. Sullivan, Sr.
Title:

Chief Executive Officer, Spring Air Partners –
California, Inc., Spring Air, Partners –
Pennsylvania, Inc., and Spring Air Partners -New
Jersey, Inc.

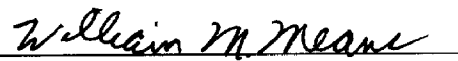
President, Spring Air Partners -North America,
Inc.


Chief Executive Officer, Spring Air-California—
Deluxe Bedding, Co., Inc.


Chief Executive Officer, Chattam & Wells Mattress
Company, L.L.C.


Chief Executive Officer, Chattam & Wells, Inc.

MELLON BANK, N.A.

By: 
Name: William M. Means
Title: First Vice President

STATE OF PENNSYLVANIA

: ss.

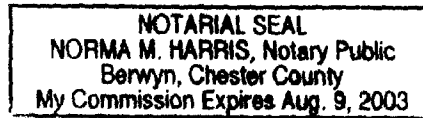
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared WILLIAM M. MEANS, Vice President of MELLON BANK, N.A., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, duly authorized by such corporation.

Norma M. Harris

Notary Public

My Commission Expires:



BE2707262

TRADEMARK
REEL: 002017 FRAME: 0255

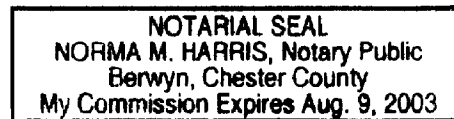
STATE OF PENNSYLVANIA
: ss.
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., President of SPRING AIR PARTNERS-NORTH AMERICA, INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris

Notary Public

My Commission Expires:

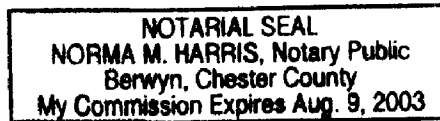


STATE OF PENNSYLVANIA
: ss.
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., Chief Executive Officer of SPRING AIR PARTNERS-CALIFORNIA, INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris
Notary Public

My Commission Expires:

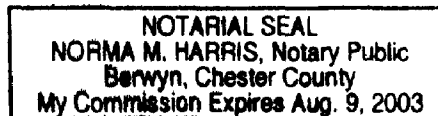


STATE OF PENNSYLVANIA
: ss.
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., Chief Executive Officer of SPRING AIR PARTNERS-NEW JERSEY, INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris
Notary Public

My Commission Expires:



STATE OF PENNSYLVANIA

: ss.

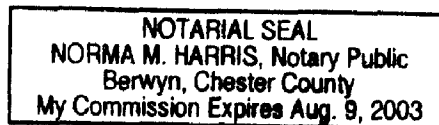
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., Chief Executive Officer of SPRING AIR PARTNERS-PENNSYLVANIA, INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris

Notary Public

My Commission Expires:



STATE OF PENNSYLVANIA

: ss.

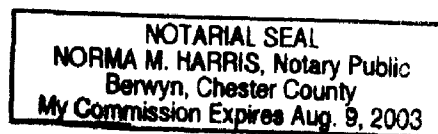
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., Chief Executive Officer of CHATTAM & WELLS, INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris

Notary Public

My Commission Expires:



STATE OF PENNSYLVANIA

: ss.

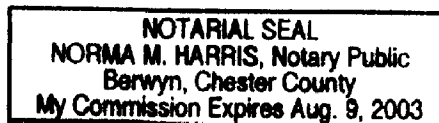
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., Chief Executive Officer of SPRING AIR CALIFORNIA – DELUXE BEDDING CO., INC., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris

Notary Public

My Commission Expires:



STATE OF PENNSYLVANIA

: ss.

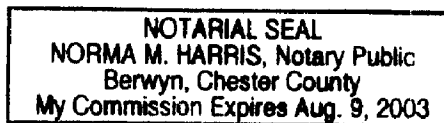
COUNTY OF PHILADELPHIA

Be it remembered, that on this 6th day of August, 1999, before me, the subscriber, in and for said county, personally appeared DANIEL J. SULLIVAN, SR., [CEO] of CHATTAM AND WELLS MATTRESS COMPANY, L.L.C., who I am satisfied is the person who signed the within instrument, and he acknowledged that he signed and delivered the same as such officer aforesaid, and that the within instrument is the voluntary act and deed of such corporation, made by virtue of a resolution of its Board of Directors.

Norma M. Harris

Notary Public

My Commission Expires:



Schedule A

List of Marks

Spring Air Partners-New Jersey, Inc.

Trademark	Registration/Serial No.
Fifth Avenue Collection	1,267,156
Spine-Saver	0,693,844
Select-A-Pedic	0,785,203
Custom Rest	1,397,684
Perm-A-Quilt	0,826,859
Ultra-Pedic	0,820,743
Vita-rest	0,820,742
Dual Pedic	0,905,518
Posture Corrector	1,695,612
Stress Reliever	1,675,119
Comfort Enhancer	1,748,523
Spinal Adjuster	1,666,766
Custom Cushion	1,666,767
Dura Zone	75/353,919
Ortho Fitness	1,610,590