

08-18-2000

Box ASSIGNMENTS

Hon. Commissioner of Patents and Trademark
Washington, DC 20231



101422334

1-1000

Sir: Please record the attached original assignment, having the following particulars:

Attorney Docket: 1200-000

Registration Nos.	1,267,268	1,610,610
	1,292,988	1,725,818
	1,294,448	1,739,915
	1,302,702	1,837,426
	1,454,386	1,999,499

Assignor(s): Zachar Ltd.
380 Route 46
Totowa, New Jersey 07512

Assignee(s): The Chase Manhattan Bank, as Collateral Agent
and Secured Party

Address of Assignee(s): 330 Madison Avenue, New York, NY 10017

Nature of enclosed document: **Intellectual Property Pledge and Security Agreement**

Total number of applications/registrations involved: 10

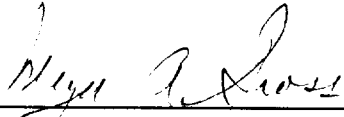
Amount of fee enclosed: \$265.00
(Please charge any deficiency to deposit account No. 19-0748)

Date of execution of enclosure: March 25, 1998

All correspondence, including *the recorded document should be sent to the address at the bottom .*

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.

08/02/2000 DNGUYEN 00000050 1267268
 01 FC:481 40.00 DP
 02 Date: July 6, 2000 225.00 DP


 Name: Meyer A. Gross

Total number of pages, including cover sheet, attachments, and document: 33

INTELLECTUAL PROPERTY PLEDGE AND SECURITY AGREEMENT

Dated March 25, 1998

from

KENAR ENTERPRISES, LTD.

and

THE OTHER GRANTORS NAMED HEREIN,

as Grantors,

to

THE CHASE MANHATTAN BANK,

as Collateral Agent

RECORDED
INDEXED
CROSS INDEXED
AUG 1 1998
FAR OFFICE BNP
NEW YORK

KL2:239652.7

TABLE OF CONTENTS

PRELIMINARY STATEMENTS: 1

SECTION 1. Grant of Security 1

SECTION 2. Security for Obligations 3

SECTION 3. Grantor Remains Liable 3

SECTION 4. Representations and Warranties 3

SECTION 5. Further Assurances 5

SECTION 6. Transfers and Other Liens 8

SECTION 7. The Collateral Agent Appointed Attorney-in-Fact 8

SECTION 8. The Collateral Agent May Perform 8

SECTION 9. The Collateral Agent's Duties 8

SECTION 10. Remedies 9

SECTION 11. Indemnity and Expenses 10

SECTION 12. Amendments; Waivers; Etc. 10

SECTION 13. Notices, Etc. 11

SECTION 14. Continuing Security Interest; Assignments
Under the Credit Agreement 11

SECTION 15. Release and Termination 12

SECTION 16. GOVERNING LAW 12

SECTION 17. Submission To Jurisdiction; Waivers 12

SECTION 18. Acknowledgements 13

SECTION 19. WAIVER OF JURY TRIAL 13

SECTION 20. Additional Grantors 13

SCHEDULES

- Schedule I - United States Patents and Patent Applications
- Schedule II - United States Trademark and Service Mark Registrations and Applications
- Schedule III - United States Copyright Registrations and Applications
- Schedule IV - Licenses
- Schedule V - Pending Litigation/Unauthorized Uses

**INTELLECTUAL PROPERTY
PLEDGE AND SECURITY AGREEMENT**

INTELLECTUAL PROPERTY PLEDGE AND SECURITY AGREEMENT dated March 25, 1998, made by each of the undersigned (each a "Grantor" and, together with any other entity that becomes a party hereto pursuant to Section 20 hereof, the "Grantors") to THE CHASE MANHATTAN BANK, as collateral agent (together with any successor appointed pursuant to Section 18 of the Security Agreement (as hereinafter defined), the "Collateral Agent") for the Lenders (as defined in the Credit Agreement).

WITNESSETH:

WHEREAS, Kenar Enterprises, Ltd., Bardock Company, Limited, Z. Frederick Enterprises, Ltd., Zachar Ltd. and Friedlich, Ltd., the Lenders from time to time parties thereto, The Chase Manhattan Bank, The Bank of New York and First Union National Bank, as Co-Agents, Kenneth Zimmerman ("Zimmerman"), as a Lender, and The Chase Manhattan Bank, as Administrative Agent, have entered into a Credit Agreement, dated as of March 25, 1998, providing for the making of Loans and the issuance by the Issuing Bank of, and participation in, Letters of Credit, as contemplated therein (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined);

WHEREAS, it is a condition precedent to the making of Loans by the Lenders and the issuance by the Issuing Bank of Letters of Credit under the Credit Agreement that each Grantor shall have granted the security interest and made the pledge and grant of security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit under the Credit Agreement from time to time, each Grantor hereby agrees with the Collateral Agent for the ratable benefit of the Lenders as follows:

SECTION 1. Grant of Security. Each Grantor hereby grants and pledges to the Collateral Agent for the ratable benefit of the Lenders, and hereby grants to the Collateral Agent for the ratable benefit of the Lenders, in the case of the Banks, a first priority security interest in, and in the case of Zimmerman, a second priority and junior security interest in, all of such Grantor's right, title and interest in and to the following, in the United States and throughout the world, whether now owned or hereafter acquired, whether now or hereafter existing (collectively, the "Intellectual Property Collateral"):

(a) all patents, patent applications and patentable inventions, including, without limitation, each patent and patent application identified on Schedule I attached hereto and made a part hereof, and including without limitation (i) all

inventions and improvements described and claimed therein, (ii) the right to sue or otherwise recover for any misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past and future infringements thereof), and (iv) all rights corresponding thereto throughout the world and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto (the "Patents");

(b) all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations and any renewals thereof, including, without limitation, each registration and application identified on Schedule II attached hereto and made a part hereof, and including without limitation (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (ii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iii) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (the "Trademarks");

(c) all copyrights, whether statutory or common law, and whether or not the underlying works of authorship have been published, and all works of authorship and other intellectual property rights therein, all copyrights of works based on, incorporated in, derived from or relating to works covered by such copyrights, all right, title and interest to make and exploit all derivative works based on or adopted from works covered by such copyrights, and all copyright registrations and copyright applications, and any renewals or extensions thereof, including, without limitation, each copyright registration and copyright application, if any, identified on Schedule III attached hereto and made a part hereof, and including, without limitation, (i) the right to print, publish and distribute any of the foregoing, (ii) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (iii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iv) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of such Grantor accruing thereunder or pertaining thereto (the "Copyrights"); and

(d) all license agreements with any other Person in connection with any of the Patents or Trademarks, or such other Person's patents, trade names, trademarks or copyrights, whether such Grantor is a licensor or licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule IV attached hereto and made a part hereof, subject, in each case, to the terms of such license agreements, including, without limitation, terms requiring consent to a grant of a security interest, and any right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Security Agreement) now or hereafter owned by such Grantor and now or hereafter covered by such licenses (the "Licenses").

SECTION 2. Security for Obligations. The pledge and security interest granted under this Agreement by each Grantor secure the payment of all Obligations of such Grantor now or hereafter existing under this Agreement and the other Loan Documents whether for principal, interest, premiums, fees, expenses, or otherwise (all such Obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by any Grantor to the Collateral Agent but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such Grantor.

SECTION 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (i) each Grantor shall remain liable under the contracts and agreements included in the Intellectual Property Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Collateral Agent of any of the rights hereunder shall not release each Grantor from any of its duties or obligations under the contracts and agreements included in the Intellectual Property Collateral and (iii) the Collateral Agent has no obligation or liability under the contracts and agreements included in the Intellectual Property Collateral by reason of this Agreement, nor shall the Collateral Agent be obligated to perform any of the obligations or duties of such Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. Each Grantor represents and warrants as to itself and its Intellectual Property Collateral as follows:

(a) Such Grantor is the legal and beneficial owner of the entire right, title and interest in and to the Intellectual Property Collateral in which it is granting a security interest free and clear of any Lien, except for the pledge and security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Intellectual Property Collateral or listing such Grantor or any trade name of such Grantor as debtor is on file in any recording office (including, without limitation, the United States Patent and Trademark Office), except such as may have been filed in favor of the Collateral Agent relating to this Agreement.

(b) Set forth in Schedule I is a complete and accurate list of all patents and all patent applications owned by such Grantor in the United States. Set forth in Schedule II is a complete and accurate list of all trademark and service mark registrations and all trademark and service mark applications owned by such Grantor in the United States. Set forth in Schedule III is a complete and accurate list of all copyright registrations and copyright applications owned by each Grantor in the United States. Set forth in Schedule IV is a complete and accurate list of all Licenses owned by such Grantor in which such Grantor is (i) a licensor with respect to any of the Patents, Trademarks or Copyrights, or (ii) a licensee of any other person's patents, trade names, trademarks or copyrights. Such Grantor has made all necessary filings and recordations to protect and maintain its interest in the patents, patent applications, trademark and service mark registrations, trademark and service mark applications, copyright registrations and copyright applications and licenses set forth in Schedules I, II, III and IV.

(c) Except as set forth on Schedule V hereto, each patent, patent application, trademark or service mark registration, and trademark or service mark application and copyright registration or copyright application of such Grantor set forth in Schedules I, II and III is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and is valid, registrable and enforceable. Each License of such Grantor identified in Schedule IV is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and is valid and enforceable. Such Grantor has notified the Collateral Agent in writing, to such Grantor's knowledge, of all uses of any item of Intellectual Property Collateral which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Intellectual Property Collateral.

(d) Such Grantor has not made a previous Grant, assignment, transfer or agreement constituting a present or future Grant, assignment, transfer or encumbrance of any of the Intellectual Property Collateral. Such Grantor has not granted any license (other than those listed in Schedule IV hereto), release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Intellectual Property Collateral.

(e) Such Grantor has used reasonable and proper statutory notice in connection with its use of its patents, registered trademarks and service marks and registered copyrights contained in Schedules I, II and III.

(f) This Agreement creates in favor of the Banks, a valid and first priority security interest, and in favor of Zimmerman, a junior and second priority security interest, in the Intellectual Property Collateral, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly made or taken.

(g) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by such Grantor of the security interest granted hereby or the execution, delivery or performance of this Agreement by such Grantor, (ii) the perfection or maintenance of the pledge and security interest created hereby (including, in the case of Banks, the first priority nature, and in the case of Zimmerman, the second priority and junior nature, of such pledge or security interest) or (iii) the exercise by the Collateral Agent of its rights provided for in this Agreement or the remedies in respect of the Intellectual Property Collateral pursuant to this Agreement, in each case other than the filing of financing and continuation statements under the UCC, which financing statements have been duly filed, and the filing of (x) the Grant of Security Interest in United States Trademarks and Patents substantially in the form of Annex A attached hereto with the United States Patent and Trademark Office, and (y) the Grant of Security Interest in United States Copyrights substantially in the form of Annex B attached hereto, with the United States Copyright Office.

(h) Except for the Licenses set forth in Schedule IV and except as set forth in Schedule V hereto, such Grantor has no knowledge of the existence of any right or any claim that is likely to be made by any third party relating to any item of Intellectual Property Collateral.

(i) Except as set forth in Schedule V, no claim has been made and is continuing or threatened that any item of Intellectual Property Collateral is invalid or unenforceable or that the use by such Grantor of any Intellectual Property Collateral does or may violate the rights of any person. Except as set forth in Schedule V, there is currently no infringement or unauthorized use of any item of Intellectual Property Collateral.

(j) Such Grantor has taken all necessary steps to use consistent standards of quality in the manufacture, distribution and sale of all products sold and the provision of all services provided under or in connection with any of the Trademarks and has taken all necessary steps to ensure that all licensed users of any of the Trademarks use such consistent standards of quality.

(k) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

SECTION 5. Further Assurances. Each Grantor agrees to the following further assurances as to itself and its Intellectual Property Collateral in the United States and throughout the world:

(a) Each Grantor agrees that from time to time, at its own expense, it shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Collateral Agent may deem desirable and may request, in order to perfect and protect any pledge or security interest granted or purported

to be granted hereby (including, without limitation, in the case of the Banks, the first priority nature thereof, and in the case of Zimmerman, the second priority and junior nature thereof) or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any part of the Intellectual Property Collateral. Without limiting the generality of the foregoing, each Grantor shall promptly execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or as the Collateral Agent may deem desirable and may request in order to perfect and preserve the pledge and security interest granted or purported to be granted hereby.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Intellectual Property Collateral without the signature of such Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Intellectual Property Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Each Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Intellectual Property Collateral and such other reports in connection with the Intellectual Property Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) Each Grantor agrees that, should it obtain an ownership interest in any Patent, Trademark, Copyright or License which is not now a part of the Intellectual Property Collateral, (i) the provisions of Section 1 hereof shall automatically apply thereto, (ii) any such Patent, Trademark, Copyright or License shall automatically become part of the Intellectual Property Collateral, and (iii) with respect to any ownership interest in any patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, copyright application or license that such Grantor should obtain, it shall give prompt written notice thereof to the Collateral Agent in accordance with Section 13 hereof. Each Grantor authorizes the Collateral Agent to modify this Agreement by amending Schedules I, II, III and IV (and will cooperate with the Collateral Agent in effecting any such amendment) to include any patent, patent application, trademark or service mark registration, trademark or service mark application, copyright application or license which becomes part of the Intellectual Property Collateral under this Section.

(e) With respect to each patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, copyright application and license, such Grantor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each such patent, patent application, trademark or service mark registration, trademark or service mark application, copyright registration, copyright application and license and (ii) pursue each such application for Patent, Trademark or Copyright now or hereafter included in the Intellectual Property Collateral, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of

applications for renewal or extension, the filing of affidavits under the United States Trademark Act, and the participation in opposition, cancellation and infringement and misappropriation proceedings, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for re-issue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings, except to the extent that such Grantor determines in its reasonable business judgment that such use or pursuit or maintenance of same is no longer desirable in the conduct of such Grantor's business, in which case, such Grantor shall give written notice of any decision to cease using, maintaining or pursuing any Patent, Trademark, Copyright or License to the Collateral Agent whose approval is necessary and will not be unreasonably withheld. Each Grantor agrees to take corresponding steps with respect to each new or acquired Patent, Trademark, Copyright or License to which it is now or later becomes entitled. Any expenses incurred in connection with such activities shall be borne by such Grantor. Except as provided above, such Grantor shall not discontinue use of or otherwise abandon any Patent, Trademark or Copyright identified in Schedules I, II and III, or abandon any right to file an application for a Patent, Trademark or Copyright, or abandon any pending application for a Patent, Trademark or Copyright identified in Schedules I, II and III. Further, except as provided above, such Grantor shall not discontinue use of or otherwise abandon any other Patent, Trademark or Copyright or abandon any right to file an application for any other Patent, Trademark or Copyright or abandon any pending application for any other Patent, Trademark or Copyright.

(f) Each Grantor agrees to notify the Collateral Agent promptly and in writing if it learns (i) that any item of the Intellectual Property Collateral may be determined to have become abandoned or discontinued or (ii) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Intellectual Property Collateral, in either case, to the extent constituting, or reasonably likely to result in, a Material Adverse Effect.

(g) In the event that any Grantor becomes aware that any item of the Intellectual Property Collateral is infringed or misappropriated by a third party, such Grantor shall promptly notify the Collateral Agent and shall take such actions as the Collateral Agent deems in its reasonable judgment necessary and appropriate under the circumstances to protect such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by such Grantor.

(h) Each Grantor shall continue to use reasonable and proper statutory notice in connection with its use of its patents, registered trademarks and service marks and registered copyrights contained in Schedules I, II, III.

(i) Each Grantor shall take all steps which the Collateral Agent deems appropriate under the circumstances to preserve and protect its Intellectual Property

Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks use such consistent standards of quality.

SECTION 6. Transfers and Other Liens. Each Grantor agrees not (i) to sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any item of the Intellectual Property Collateral or (ii) to create or suffer to exist any Lien upon or with respect to any of the Intellectual Property Collateral, except for the pledge and security interest created by this Agreement and except as otherwise permitted by the Loan Documents.

SECTION 7. The Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Collateral Agent, effective upon the occurrence and during the continuance of any Event of Default, such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion and upon notice to such Grantor, to take any action and to execute any instrument that may be necessary or that the Collateral Agent may deem desirable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Intellectual Property Collateral;

(b) to receive, endorse and collect any drafts, instruments, chattel paper and other documents in connection with subsection 7(a) hereof and give full discharge for the same; and

(c) to file any claims or take any action or to institute any proceedings that may be necessary or that the Collateral Agent may deem desirable for the collection of any payments relating to any of the Intellectual Property Collateral or otherwise to preserve or enforce the rights of the Collateral Agent with respect to any of the Intellectual Property Collateral.

SECTION 8. The Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Collateral Agent, with notice to such Grantor, may itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 11 hereof.

SECTION 9. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Intellectual Property Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the safe custody and preservation of the certificates of

registration for any of the Trademarks or the letters patent for any of the Patents in its possession and the accounting for moneys actually received by it hereunder. the Collateral Agent shall have no duty as to any Intellectual Property Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Intellectual Property Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the certificates of registration for any of the Trademarks or the letters patent for any of the Patents in its possession if such certificates of registration and letters patent are accorded treatment substantially equal to that which the Borrower accords its own property of like tenor. The Collateral Agent may resign from the performance of all of its functions and duties under this Agreement at any time in accordance with the provisions of Section 18 of the Security Agreement.

SECTION 10. Remedies. If any Event of Default shall have occurred:

(a) The Collateral Agent may exercise in respect of the Intellectual Property Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC in effect in the State of New York at such time (the "New York UCC") whether or not the New York UCC applies to the affected Intellectual Property Collateral, and also may (i) require each Grantor to, and each Grantor hereby agrees that it shall at its own expense and upon request of the Collateral Agent forthwith, assemble all or part of the documents and things embodying any part of the Intellectual Property Collateral as directed by the Collateral Agent and make them available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties and (ii) without notice except as specified below, sell, assign or otherwise dispose the Intellectual Property Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem necessary. In the event of any sale, assignment, or other disposition of any of the Intellectual Property Collateral of any Grantor, the goodwill of the business connected with and symbolized by any Trademarks subject to such disposition shall be included, and such Grantor shall supply to the Collateral Agent or its designee such Grantor's know-how and expertise, and documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Intellectual Property Collateral subject to such disposition, and such Grantor's customer lists and other records and documents relating to such Intellectual Property Collateral and to the manufacture, distribution, advertising and sale of such products and services. Such Grantor will execute and deliver such documents and take such other action as the Collateral Agent deems necessary or advisable so that any such sale, assignment or other disposal may be made in compliance with law and effective under law to transfer the Collateral. Upon any such sale, the Collateral Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral. Such Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such

Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Intellectual Property Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale, without further notice, may be made at the time and place to which it was so adjourned.

(b) Any cash held by the Collateral Agent as Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Intellectual Property Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied in whole or in part by the Collateral Agent for the ratable benefit of the Lenders against, all or any part of the Secured Obligations in such order in accordance with Section 16 of the Security Agreement.

(c) It is understood that the Grantors shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Intellectual Property Collateral and the aggregate amount of the Secured Obligations.

(d) The Collateral Agent may exercise any and all rights and remedies of such Grantor in respect to the Intellectual Property Collateral, including, without limitation, any and all rights of any Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, any of the Intellectual Property Collateral.

(e) All payments received by any Grantor in respect of the Intellectual Property Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement or assignment).

SECTION 11. Indemnity and Expenses. (a) Each Grantor agrees to indemnify the Collateral Agent and its officers, directors, employees, agents and advisors (each an "Indemnified Party") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Secured Obligations) be imposed on, incurred by or asserted against any Indemnified Party in any way relating to or arising out of this Agreement (including, without limitation, the enforcement of this Agreement), or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by any Indemnified Party under or in connection with any of the foregoing; provided that no Grantor shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Indemnified Party's gross negligence or willful misconduct. The

agreements in this Section 11 shall survive the payment of the Secured Obligations and all other amounts payable hereunder.

(b) Each Grantor jointly and severally agrees to pay to the Collateral Agent, upon demand, the amount of any and all expenses (including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents) that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Intellectual Property Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or (iv) the failure by such Grantor to perform or observe any of the provisions hereof.

SECTION 12. Amendments; Waivers; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

(b) No failure on the part of the Collateral Agent to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or consent thereto; nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

SECTION 13. Notices, Etc. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), or by telephone promptly confirmed in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice or written confirmation of telephone notice, when received, addressed to such party (i) in the case of any Grantor, at the address set forth opposite its signature below, and (ii) in the case of the Collateral Agent, at 1375 Broadway, New York, New York 10018; or to such other address as may be hereafter notified by the respective parties hereto.

SECTION 14. Continuing Security Interest; Assignments Under the Credit Agreement. This Agreement shall create a continuing security interest in the Intellectual Property Collateral and shall (i) remain in full force and effect until the later of (x) the indefeasible and irrevocable cash payment in full of the Secured Obligations and the termination of the total Commitments and (y) the Termination Date, (ii) be binding upon such Grantor, its successors and assigns and (iii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of, and be enforceable by, the Collateral Agent and its respective successors, transferees and assigns. Without limiting the generality of this Section 14, any Collateral Agent may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitment or Commitments, the Loans owing to it and any Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested

with all the benefits in respect thereof granted to such Collateral Agent herein or otherwise, in each case as provided in the Credit Agreement.

SECTION 15. Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Intellectual Property Collateral in accordance with the terms of the Loan Documents (other than sales of Inventory in the ordinary course of business), the Collateral Agent shall, at the appropriate Grantor's expense, execute and deliver to such Grantor such documents as such Grantor shall request to evidence the release of such item of Intellectual Property Collateral from the Grant of and security interest granted hereby (without recourse and without representation or warranty on the part of the Collateral Agent or any Secured Party); provided, however, that (i) at the time of such request and such release, no Event of Default shall have occurred and be continuing, (ii) such Grantor shall have delivered to the Collateral Agent, at least ten Business Days prior to the date of the proposed release, a request for release describing the item of the Intellectual Property Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail (including, without limitation, the price thereof and any expenses in connection therewith), together with a form of release for execution by the Collateral Agent and a certification by such Grantor to the effect that the transaction is in compliance with the Loan Documents and as to such other matters as the Collateral Agent may request, (iii) the Collateral Agent shall have approved such sale, lease, transfer or other disposition in writing and (iv) the proceeds of any such sale, lease, transfer or other disposition required to be applied in accordance with the Credit Agreement shall be paid to, or in accordance with the instructions of, the Collateral Agent at the Closing.

(b) Upon the later of (i) the indefeasible and irrevocable cash payment in full of the Secured Obligations and the termination of the total Commitments and (ii) the Termination Date, the pledge and security interest granted hereby shall automatically terminate and all rights to the Intellectual Property Collateral shall revert to such Grantor. Upon any such termination and reversion, the Collateral Agent shall, at such Grantor's expense, execute and deliver to such Grantor (without recourse and without representation or warranty) such documents as such Grantor shall reasonably request to evidence such termination and reversion.

SECTION 16. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

SECTION 17. Submission To Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and any other Loan Document to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-

exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address set forth in Section 13 or at such other address of which the Collateral Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover, in any legal action or proceeding either referred to in this Section 17 or relating to this Agreement or any other Loan Document to which it is a party, any special, exemplary, punitive or consequential damages.

SECTION 18. Acknowledgements. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement;

(b) no Agent nor any Bank has any fiduciary relationship to such Grantor, and the relationship between the Agents and Banks, on one hand, and such Grantor, on the other hand, is solely that of debtor and creditor (it being understood and agreed that Zimmerman is the principal equity holder of each Grantor); and

(c) no joint venture exists among the Banks or among such Grantor and the Banks.

SECTION 19. WAIVER OF JURY TRIAL. EACH GRANTOR, THE COLLATERAL AGENT AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

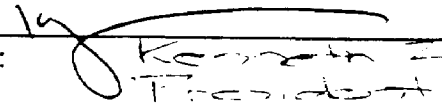
SECTION 20. Additional Grantors. It is understood and agreed that any affiliate of the Borrower that is required to execute a counterpart of this Agreement after the date hereof pursuant to the Credit Agreement shall automatically become a Grantor

hereunder by executing a counterpart hereof and delivering the same to the Collateral Agent.

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

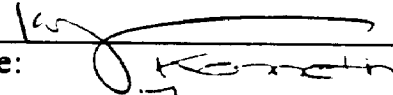
555 Seventh Avenue
New York, New York 10018
Attention: Kenneth Zimmerman
Telecopy: (212) 921-5265

KENAR ENTERPRISES, LTD.
as Grantor

By: 
Name: Kenneth Zimmerman
Title: President

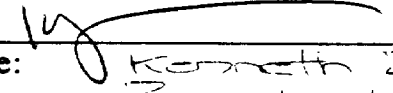
Taurus Building
No. 21A-B Granville Road
Tsim Shi Tsui
Kowloon, Hong Kong

BARDOCK COMPANY, LIMITED
as Grantor

By: 
Name: Kenneth Zimmerman
Title: Managing Director


380 Route 46
Totowa, New Jersey 07512
Attention: Kenneth Zimmerman
Telecopy: (973) 256-4990
Confirmation: (973) 256-2156

Z. FREDERICK ENTERPRISES, LTD.
as Grantor

By: 
Name: Kenneth Zimmerman
Title: President

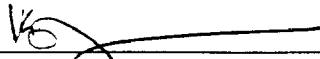
380 Route 46
Totowa, New Jersey 07512
Attention: Kenneth Zimmerman
Telecopy: (973) 256-4990
Confirmation: (973) 256-2156

ZACHAR LTD.
as Grantor

By: 
Name: Kenneth Zimmerman
Title: President

380 Route 46
Totowa, New Jersey 07512
Attention: Kenneth Zimmerman
Telecopy: (973) 256-4990
Confirmation: (973) 256-2156

FRIEDLICH, LTD.
as Grantor

By 
Name: Kenneth Zimmerman
Title: President

Agreed and consented to as of
the date first above written:

THE CHASE MANHATTAN BANK,
as Collateral Agent

By: 
Name:
Title: **ABBY E. PARSONNET**
VICE PRESIDENT

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the President of Kenar Enterprises, Ltd., the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



Notary Public

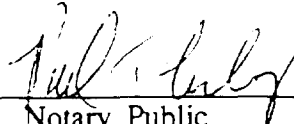
[Notarial Seal]

PAUL T. CURLEY
NOTARY PUBLIC, State of New York
No. 01CUS019118
Qualified in Kings County
Commission Expires October 12, 1997

9

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the Managing Director of Bardock Company, Limited, the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



Notary Public

[Notarial Seal]

PAUL T. CURLEY
NOTARY PUBLIC, State of New York
No. 01CUS019118
Qualified in Kings County
Commission Expires October 12, 1997


9

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the President of Z. Frederick Enterprises, Ltd., the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



Notary Public

[Notarial Seal] **PAUL T. CURLEY**
NOTARY PUBLIC, State of New York
No. 01CUS019118
Qualified in Kings County
Commission Expires October 12, 1997 

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the President of Zachar Ltd., the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



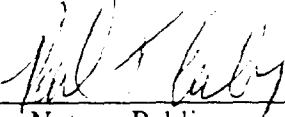
Notary Public

[Notarial Seal] **PAUL T. CURLEY**
NOTARY PUBLIC, State of New York
No. 01CU5019118
Qualified in Kings County
Commission Expires October 12, 1997

9

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the President of Friedlich, Ltd., the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



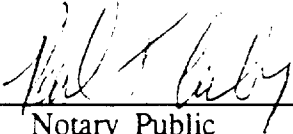
Notary Public

[Notarial Seal] PAUL T. CURLEY
NOTARY PUBLIC, State of New York
No. 01CU5019118
Qualified in Kings County
Commission Expires October 12, 1997

9

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

On the 25th day of March, 1998, before me personally came Kenneth Zimmerman to me known, who, being by me duly sworn, did depose and say he resides at 8 Stanton Road, Tenafly, New Jersey and that he is the President of Friedlich, Ltd., the corporation described in and which executed the above instrument; that he has been authorized to execute said instrument on behalf of said corporation; and that he signed said instrument on behalf of said corporation pursuant to said authority.



Notary Public

[Notarial Seal]

PAUL T. CURLEY
NOTARY PUBLIC, State of New York
No. 01CU5019118
Qualified in Kings County
Commission Expires October 12, 1997

9

Schedule I

United States Patents and Patent Applications

None

Schedule II

United States Trademark and Service Mark Registrations and Applications

139652.7

TRADEMARK	REGISTRATION NO. (APPLICATION NO.)	APPLICATION DATE	RENEWAL DATE
HARLEM (Nevada State Registration)	N/A	14FE1997	14FE2002
DANIEL LAURENT	1,912,574	15JL1991	15AU2005
DANIEL LAURENT	1,898,193	15JL1991	06JE2005
FREEWAY	1,515,470	26OC1987	06DE2008
HARLEM	(75/188,101)	28OC1996	
HARLEM HARLEM	(75/188,100)	28OC1996	
IN TRANSIT	(75/353,324)	08SE1997	
INDYGO	1,102,201	28JA1977	12SE1998
INDYGO	(75/031,131)	11DE1995	
INDYGO BASICS	1,610,640	16NO1989	21AU2000
KAZMEL	1,297,725	20JL1983	25SE2004
KENAR	1,947,138	17NO1992	09JA2006
KENAR	(75/031,130)	11DE1995	
KENAR	(75/335,248)	04AU1997	
KENAR	(75/976,798)	04AU1997	
KENAR	1,658,611	20DE1990	24SE2001
KENAR	1,332,297	25JE1984	23AP2005
KENAR & Design	1,108,068	21OC1977	05DE1998
KENAR & Design	2,070,063	02OC1996	10JE2007
KENAR 2	1,452,275	17NO1986	11AU2007
KENAR ENTERPRISES LTD.	1,302,743	25AU1983	30OC2004
KENAR ETC.	1,912,610	28FE1994	15AU2005
KNR	1,909,339	20JL1993	01AU2005
KNR	1,901,255	20JL1993	20JE2005
NICOLE MATTHEWS LTD.	1,495,494	20JL1987	05JL2008
PARIS (Match Design) NEW YORK	1,199,626	13AU1979	29JE2002
PLEIN AIR	1,279,932	08JL1982	29MY2004
RYAN SCOTT	1,613,019	08SE1989	11SE2000
SOULS ON FIRE	(75/353,104)	08SE1997	
SWIM BY KENAR	(75/361,936)	23SE1997	

TRADEMARK	REGISTRATION NO. (APPLICATION NO.)	APPLICATION DATE	RENEWAL DATE
ABE SCHRADER	1,267,268	30SE1982	14FE2004
CHRISTOPHER KENT	1,906,601	11FE1993	18JL2005
CHRISTOPHER KENT	1,905,075	11FE1995	11JL2005
GILLIAN	1,999,499	21JL1995	10SE2006
SCHRADER	1,302,702	30SE1982	30OC2004
SCHRADER ACTIVE SPORT	1,294,448	30SE1982	11SE2004
SCHRADER SPORT	1,739,915	30AU1990	15DE2002

THE FOLLOWING TRADEMARK REGISTRATIONS SHOW RECORDED, UNRELEASED SECURITY INTERESTS OF A THIRD PARTY IN THE ASSIGNEE/ASSIGNOR INDEX OF THE TRADEMARK RECORDATION BRANCH OF THE UNITED STATES PATENT AND TRADEMARK OFFICE:

TRADEMARK	REGISTRATION NO. (APPLICATION NO.)	APPLICATION DATE	RENEWAL DATE
A.J. BARI	1,610,610	28MY1985	21AU2000
BICHON BY SARA EDWARDS	1,708,301	20MY1991	
CREPAURA	1,893,668	25OC1993	
GILLIAN	1,725,818	20MY1991	
GILLIAN	1,837,426	20AU1993	
GILLIAN PERRIE	1,292,988	28AP1983	
ST. GILLIAN	1,454,386	20NO1986	

Schedule III

United States Copyright Registrations and Applications

None

KL3:239652.7

TRADEMARK
REEL: 002094 FRAME: 0863

SCHEDULE IV
LICENSES

1. License Agreement dated August 1, 1991 between Zachar Ltd. and Kenar Enterprises, Ltd.
2. License Agreement dated as of June, 1997, between Kenar Enterprises, Ltd. and Gordon & Ferguson of Delaware, Inc.

Schedule V

Pending Litigation: Unauthorized Uses

SCHEDULE V

1. Intent-To-Use Application No. 75/031,130 (International Classes 3,9,14, and 24) for the mark KENAR has been opposed only in International class 3 by Kenra, Inc. (Opposition No. 104,010) alleging prior rights in the mark KENRA and registrations which include that mark. There is no claim against registration of the mark KENAR in any class other than International class 3.

2. The following United States Trademark Registrations which are included in Schedule VI show recorded, unreleased security interest(s) of a third party in the Assignee/Assignor index of the Trademark Recordation Branch of the United States Patent and Trademark Office:

REG. NO.	TRADEMARK	DISCREPANCY
1,610,610	A.J. BARI	Missing release of Security Interest
1,708,301	BICHON BY SARA EDWARDS	Missing release of Security Interest
1,893,668	CREPAURA	Missing release of Security Interest
1,725,818	GILLIAN	Missing releases of two Security Interests
1,837,426	GILLIAN	Missing release of Security Interest
1,292,988	GILLIAN PERRIE	Missing release of Security Interest
1,454,386	ST.GILLIAN	Missing release of Security Interest

3. Application No. 75/188,100 for the mark HARLEM HARLEM; and Application No. 75/188,101 for the mark HARLEM are both in suspension by the Patent and Trademark Office pending disposition of two pending applications owned by third parties for the marks THE HARLEM ANGELS and HARLEM SPIRITS (Stylized), respectively. The Examining Attorney indicated that rejections under Section 2(d) of the Trademark Act may be made if either or both of the cited references mature to registrations.