

09-11-2000

U.S. Department of Commerce
Patent and Trademark Office

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
 BILL BLASS INTERNATIONAL LLC
 Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other Delaware limited liability company
 Additional name(s) of conveying party(ies) attached? Yes No

2. Name and Address of receiving party(ies)
 Name: UCC LENDING CORP.
 Address: c/o CAK Universal Credit Corp.
 1330 Avenue of the Americas
 39th floor, NY 10019

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____
 Execution Date: November 5, 1999

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State Delaware
 Other _____
 If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s): 2
 A. Trademark Application No.(s) 75/856001; 75/862202 B. Trademark Registration No.(s)
TM Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Cowan, Liebowitz & Latman, P.C.
 1133 Avenue of the Americas
 New York, NY 10036-6799
 William M. Borchard, Esq.

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41)..... \$ 65.00
 Enclosed (previously paid)
 Any deficiency is authorized to be charged to
 Deposit Account No. 03-3415.

8. Deposit Account No. 03-3415
 (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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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.

William M. Borchard
 Name of Person Signing

William M. Borchard
 Signature

June 7, 2000
 Date

Total number of pages including cover sheet, attachments, and document: 10

Mail to: U.S. Patent and Trademark Office, Office of Public Records, Crystal Gateway 4, Room 335, Washington, DC 20231

SECURITY AGREEMENT

SECURITY AGREEMENT, dated November 5, 1999, by and between UCC Lending Corp., a Delaware corporation (the "**Lender**"), and Bill Blass International LLC, a Delaware limited liability company (the "**Borrower**").

W I T N E S S E T H:

WHEREAS, pursuant to the Loan Agreement of even date between the Lender and the Borrower (the "**Loan Agreement**"), the Lender has agreed to make the Loan to the Borrower, provided, that, among other things, the Loan is at all times secured by a perfected first priority security interest in the Collateral; and

WHEREAS, each capitalized term not defined herein shall have the meaning ascribed thereto in Appendix A to the Loan Agreement.

NOW, THEREFORE, in consideration of the Lender's entering into the Loan Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. **Security Interest**. As security for the Obligations, the Borrower hereby, mortgages, pledges, assigns, transfers, sets over, conveys and delivers to the Lender, and grants to the Lender, a first priority security interest in the Collateral (the "**Security Interest**").
2. **Obligations**. The Security Interest shall secure the due and punctual payment and performance of the Obligations.
3. **Representations and Warranties of the Borrower**. The Borrower hereby represents and warrants to the Lender as of the date hereof that:

(a) This Security Agreement constitutes a valid and continuing Lien on, and Security Interest in, the Collateral, free and clear of all other Liens, other than Liens created in favor of the Lender pursuant to the Loan Documents.

(b) The Borrower has heretofore or concurrently herewith executed and will file with the Secretary of State of both New York and Delaware, Uniform Commercial Code Financing Statements with respect to New York Interest and will file this Security Agreement with the United States Patent and Trademark Office ("P&T Office"). By virtue of such filings, and without any further filings or other actions, the Security Interest will be and shall remain perfected and will represent a perfected lien on the Collateral (to the extent Security Interests in the various types of Collateral can be perfected by filing under the provisions of the UCC or in the P&T Office). No financing statement covering all or any part of the Collateral is on file or will be permitted by the Borrower to be on file in any public office, other than those in favor of the Lender

(c) No consent other than those consents which have been obtained, including the consent of any Governmental Authority, is required with respect to the granting of the Security Interest.

(d) The location of (i) the chief executive office of the Borrower, and (ii) the office of the Borrower at which the records of the Borrower pertaining to the Collateral are kept, is 550 Seventh Avenue, 5th Floor, New York, NY 10018.

(e) There is no Action pending, or, to the best knowledge of the Borrower threatened against, or affecting the Collateral or the Borrower or any of its assets or properties, before any Governmental Authority. The Borrower is not in default under any Applicable Law or any agreement to which it is a party.

(f) The Borrower is not a party to any agreement other than the Loan Documents and as those documents to the Collateral.

4. **Affirmative Covenants of the Borrower.**

(a) The Borrower will promptly execute and deliver to the Lender such financing statements, mortgages, certificates and other documents or instruments as may be reasonably requested by the Lender including, without limitation, such documents as may be reasonably necessary to perfect or continue the perfection of the Security Interest or to perfect a security interest in any additional property or rights hereafter acquired by the Borrower or in any replacements thereof or proceeds therefrom.

(b) If the granting by the Borrower of the Security Interest or any portion or aspect thereof, requires any further approval, filings, perfection or compliance with any Applicable Law, or shall be prohibited under or in violation of any Applicable Law the Borrower agrees to do all reasonable things and, at its sole expense, to take all action reasonably necessary or desirable or as may be reasonably requested by the Lender to obtain all such approvals and to accomplish such filings, perfection or compliance, and/or expeditiously to remove any prohibition and cure any violation, so as to effectuate to the fullest extent permissible by law the entire Security Interest granted hereunder. Upon discovery of the same, the Borrower shall notify the Lender of all such required or desirable approvals, filings, perfection and compliance, and of all such prohibitions and violations arising from the execution, enforcement, or operation of any aspect of this Agreement, and shall fully advise the Lender with respect to all actions and procedures necessary or desirable to accomplish the foregoing. The Borrower shall reimburse and indemnify the Lender for any reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) which the Lender shall incur in the accomplishment of any of the foregoing.

(c) The Borrower will at all times exercise rights as are reasonably necessary to perfect the Borrower's entitlement to Receivables, take any and all actions reasonably necessary

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to establish and protect its rights and those of the Lender in the Collateral, and take or cause to be taken any and all actions reasonably necessary to obtain and maintain the maximum trademark protection of Collateral in conformity with the trademark laws of the United States.

(d) The Borrower will at all times exercise rights as are reasonably necessary to enforce the provisions of the License Agreements.

(e) At any time and from time to time, the Borrower shall permit the Lender, or its respective agents or representatives, during regular business hours and without charge: (i) to examine and make copies of and abstracts from the books and records (including, without limitation, financial and organizational) of the Borrower, and (ii) to visit the offices and properties of the Borrower for the purpose of reviewing and examining such books and records and discussing matters relating thereto and to the performance of the Borrower under this Agreement or any other Loan Document with any of the officers or employees of the Borrower having knowledge of such matters or with the Borrower's outside auditors.

(f) The Borrower will, at all times hold in trust, and at all times act as agent and pledgeholder for the Lender with respect to, with the same effect as if the Lender were pledgee in possession of, all elements of the Collateral which are now or hereafter in the actual or constructive possession of the Borrower.

(g) The Borrower will at all times take, or cause to be taken, any and all actions necessary to maintain and renew all the Marks in the Collateral.

5. **Negative Covenants of the Borrower.** The Borrower will not:

(a) Grant, create or cause or allow to exist any Liens on the Collateral, other than Liens created in favor of the Lender pursuant to the Loan Documents.

(b) Incur, create, assume or suffer to exist any Debt, except as permitted in the Loan Documents, whether heretofore or hereafter created, other than the Obligations.

(c) Change any location referred to herein unless (i) it shall have given to the Lender written notice, thirty (30) days before doing so, of its intention to establish such new location, clearly describing each such new location and providing such other information in connection therewith as the Lender may reasonably request, and (ii) with respect to each such new location, it shall have taken such action, satisfactory to the Lender, as may be necessary or advisable in order to maintain the Security Interest as a first priority interest, at all times fully perfected and in full force and effect.

6. **Events of Default.** An Event of Default hereunder shall be any breach of a warranty, representation or covenant of the Borrower hereunder, and shall also be any breach denominated in the Loan Documents as an "Event of Default" of the Borrower.

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7. **Rights of the Lender on Default.** Upon the occurrence and during the continuance of any Event of Default, the Lender shall have all of the rights and remedies of a secured party under the Uniform Commercial Code or under any other Applicable Law, including, without limitation, the right to take possession of and exercise all rights in the Collateral. The Lender may require the Borrower to make the Collateral available to the Lender at a place to be designated by the Lender. The Lender will give the Borrower at least five (5) Business Days' prior written notice by registered or certified mail at the address of the Borrower set forth pursuant to Section 3(d) hereof of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Any such notice shall be deemed to meet any requirement hereunder or under any Applicable Law (including the Uniform Commercial Code) that reasonable notification be given of the time and place of such sale or other disposition. After deducting all reasonable costs and expenses of collection, sale or other disposition and delivery (including, without limitation, reasonable legal costs and attorneys' fees) and all other charges against the Collateral, the remaining proceeds of any such sale or other disposition may, in the sole discretion of the Lender, be held as Collateral hereunder for, and/or applied in whole or in part by the Lender to, the payment of the Obligations in such order of priority as the Lender shall, in its sole discretion, determine and any surplus after satisfaction in full of the Obligations shall be returned to the Borrower or to whomever may be legally entitled thereto. Upon the occurrence of any Event of Default, all payments received by the Borrower under or in connection with the Collateral shall be held by the Borrower in trust for the Lender, shall be segregated from other funds of the Borrower and shall be turned over to the Lender immediately upon receipt in the same form as received by the Borrower (duly endorsed by the Borrower to the Lender, if required). In the event the proceeds of any sale, lease or other disposition of the Collateral hereunder are insufficient to pay all of the Obligations in full, including all reasonable costs incurred by the Lender with respect to collection thereof and the enforcement of any of the Lender's rights hereunder, such deficiency shall remain the obligation of the Borrower, but shall be non-recourse to the Borrower's Affiliates, members and officers, including, without limitation, Bill Blass, Ltd.

8. **Rights of the Lender to Use and Operate Collateral, etc.** Upon the occurrence of any Event of Default, but subject to the provisions of the Uniform Commercial Code or other Applicable Law, the Lender shall have, in addition to all other rights and remedies granted to the Lender in this Security Agreement or any other Loan Document, the right and power, exercisable in its sole discretion, to take possession of all or any part of the Collateral, and to exclude the Borrower and all persons claiming under the Borrower interests therein wholly or partly therefrom, and thereafter Exercise rights in, and to manage and control the same. Upon any such taking of possession, the Lender may (but shall not be required to), from time to time, at the expense of the Borrower, file or cause to be filed any certificates, affidavits, registrations, renewals and other documents, and effect payment or discharge of any Taxes and Liens on the Collateral, as the Lender may deem proper. In any such case, the Lender shall have the right to manage and control the Collateral, act as assignee of the Borrower pursuant to the Loan Documents, and to carry on the business and to exercise all rights and powers of the Borrower in respect thereof as the Lender shall deem appropriate; and the Lender shall be entitled to collect

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and receive all rents, issues, profits, fees, Revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, Revenues and other income may, as shall be determined in the sole discretion of the Lender, be applied to pay the expenses of holding and operating the Collateral and of conducting the business thereof, and/or to make all payments which the Lender may be required or may elect to make, if any, for Taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and/or all other payments which the Lender may deem necessary or desirable (including, without limitation, reasonable legal costs and attorneys' fees). The remainder of such rents, issues, profits, fees, Revenues and other income shall be applied to the discharge of the Obligations in such order of priority as the Lender, in its sole discretion, shall determine and any surplus after satisfaction in full of all Obligations shall be returned to the Borrower or to whomever may be legally entitled thereto. Without limiting the generality of the foregoing, and in addition to all of the other rights of the Lender, the Lender shall have the right, exercisable in its sole discretion after the occurrence and during the continuance of an Event of Default, to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by the Lender to enforce the rights and remedies of the Lender hereunder and/or to manage, protect and preserve the Collateral and continue the operation of the business of the Borrower and to collect all Revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership, including, without limitation, the compensation of the receiver and to the discharge of the Obligations as aforesaid until a sale or other disposition of such Collateral shall finally be made and consummated.

9. **Collection of Accounts Receivable, etc.** Upon the occurrence and during the continuance of any Event of Default, the Lender may notify or may require the Borrower to notify, at the Borrower's expense, Account Debtors to make payment directly to the Lender and may take possession of all proceeds of any accounts receivable in the Accounts or in the Borrower's possession, and may take any other steps which the Lender deems necessary or advisable to collect any or all accounts receivable or other Collateral or proceeds thereof, for application to the discharge of the Obligations.

10. **Reimbursement of the Lender.** The Borrower hereby agrees as follows:

(a) Prior to the occurrence of an Event of Default, to reimburse the Lender for all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable legal fees and expenses) incurred by the Lender in connection with the perfection and maintenance of the Security Interest pursuant to Applicable Law and obtaining consents, approvals, registrations, qualifications or authorizations as contemplated by Sections 4(a), 4(b), 14 or 15 and any other activity taken by the Lender to determine and ensure compliance with the terms and provisions of this Agreement by the Borrower. Any amounts which may become payable under this subparagraph shall be included in the Obligations. All such costs and expenses shall be included in the Obligations and be repayable to the Lender upon its demand therefor and shall bear interest at the Default Rate from the date of advance to the date of repayment.

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(b) After the occurrence of an Event of Default, to reimburse the Lender for any and all reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by the Lender in enforcing the provisions of this Security Agreement, including, without limitation, the Lender's rights and remedies with respect to the Collateral and in acting pursuant to Article VII of the Loan Agreement. All such costs and expenses shall be included in the Obligations and be repayable to the Lender upon its demand therefor and shall bear interest at the Default Rate from the date of advance to the date of repayment.

(c) In no event shall the Lender be liable to the Borrower for any matter or thing in connection with this Security Agreement other than to account for moneys actually received by it in accordance with the terms hereof. If the Borrower shall fail to do any act or thing which it has covenanted to do hereunder or if any representation or warranty of the Borrower hereunder shall be breached in any material respect, the Lender may (but shall not be obligated to) perform any such act or thing or cause it to be performed or remedy any such breach and there shall be added to the Obligations hereunder the cost or expense incurred by the Lender in so doing. All such costs and expenses shall be included in the Obligations and be repayable to the Lender upon its demand therefor and shall bear interest at the Default Rate from the date of advance to the date of repayment.

(d) All terms contained in this Section 10 shall survive the expiration or termination of this Security Agreement for any reason without the necessity of executing any further document or instrument.

11. **Designation of Attorney.** The Borrower hereby irrevocably appoints the Lender, and its successors and assigns, the Borrower's true and lawful attorney, with full power (in the name of the Borrower or otherwise), after the occurrence and during the continuance of an Event of Default, to ask, require, demand, receive, compound and give acquittance for any and all moneys, claims and other amounts due and to become due at any time under, or arising out of, the Collateral; to open and dispose of all mail addressed to the Borrower relating to the Collateral, and cause such mail to be transferred to any receiver or any of its designees, to endorse any checks or other instruments or orders in connection therewith; to enforce all the Lender's rights under all agreements relating to the Collateral; to file or cause to be filed any certificates, affidavits, registrations, renewals and other documents relating to the Collateral; to enter into all agreements or instruments required to carry out the terms of the Loan Documents which are required to be performed by the Borrower; to execute on behalf of the Borrower such other assignments and mortgages of the Collateral as the Lender may require and any documents, applications, certificates and instruments referred to in Section 14; and to take any action or institute any proceeding which the Lender may deem to be necessary or advisable in the premises. Such power of attorney shall be deemed a power coupled with an interest and, therefore, irrevocable for the life of this Security Agreement.

12. **Waivers, etc.** No delay, failure or omission on the part of the Lender in exercising

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any right or remedy hereunder shall operate as a waiver of such right or remedy or of any other right or remedy hereunder, and any waiver by the Lender of any such right or remedy on any one occasion, or any single or partial exercise by the Lender of any right or remedy shall not be construed as a bar to or waiver by the Lender of any such right or remedy on any such future occasion, nor to preclude other or further exercise thereof by the Lender or the exercise by the Lender of any other right or remedy.

13. **Termination**. The Security Interest shall continue to be effective or shall be reinstated, as the case may be, if at any time payment, or any part thereof, of principal or of interest on any Obligation is rescinded or must otherwise be restored by the Lender as a preferential payment under applicable bankruptcy or insolvency laws or upon the bankruptcy, insolvency or reorganization of the Borrower, or otherwise. This Security Agreement and the security interest in the Collateral created hereby shall terminate upon payment of the Note and all other then outstanding Obligations or any defeasance of the Loan pursuant to Article IX of the Loan Agreement. Upon and after the date of such payment or defeasance (as applicable), the Lender will take all action and do all things necessary (including the execution and delivery of UCC-3 termination statements and other documents), all at Borrower's sole expense, to release the Security Interest.

14. **Governmental Approvals, etc.** Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to this Security Agreement which requires any consent, approval, registration, filing, qualification or authorization of any Governmental Authority, the Borrower will execute and deliver or will cause the execution and delivery of, all applications, certificates, instruments and other documents and papers that the Lender may reasonably require to obtain such consent, approval, registration, qualification or authorization.

15. **Further Assurances**. At any time and from time to time, upon the written request of the Lender, the Borrower will promptly and duly execute and deliver any and all such further instruments and documents as the Lender may reasonably request in order to obtain the full benefits of this Security Agreement, of the rights and powers herein granted and of the Liens and Security Interest granted to the Lender hereby, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code in effect in any jurisdiction with respect to the Liens and Security Interest granted hereby. Upon the Borrower's failure so to execute and deliver such further instruments and documents within ten (10) Business Days after the Lender's written request therefor, the Lender is authorized as agent of the Borrower to sign any such instrument and document utilizing the power of attorney referred to in Section 11 hereof. The Borrower hereby also authorizes the Lender to file any such financing or continuation statement without the signature of the Borrower to the extent permitted by Applicable Law.

16. **Incorporation by Reference**. The terms and provisions of Article X of the Loan Agreement are hereby incorporated by reference mutatis mutandis, and shall have the same force and effect as if fully set forth herein.

Security Agreement


17. **Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW.

18. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

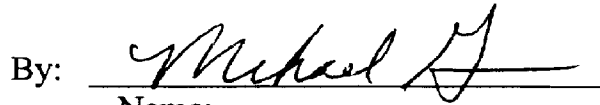
Security Agreement

IN WITNESS WHEREOF, the parties have executed this Security Agreement on the date first above written.

UCC LENDING CORP.

By: 
Name:
Title:

BILL BLASS INTERNATIONAL LLC

By: 
Name:
Title:

Security Agreement