

12-26-2000



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U.S. Department of Commerce Patent and Trademark Office TRADEMARK

12.4.00

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation) Document ID #
- Correction of PTO Error Reel # Frame #
- Corrective Document Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Effective Date Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date Month Day Year

Name

Formerly

75145261

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

- Corporation Association

Other

Citizenship/State of Incorporation/Organization

12/22/2000 DNGUYEN 00000209 75145261

FOR OFFICE USE ONLY

01 FC:481 40.00 OP
02 FC:482 300.00 UP

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

TRADEMARK REEL: 002199 FRAME: 0029

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text" value="75/145,261"/>	<input type="text" value="75/875,110"/>	<input type="text"/>	<input type="text" value="1,290,511"/>	<input type="text" value="1,620,540"/>	<input type="text" value="1,408,996"/>
<input type="text" value="75/730,785"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,455,896"/>	<input type="text" value="1,994,585"/>	<input type="text" value="2,248,440"/>
<input type="text" value="75/797,222"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,619,177"/>	<input type="text" value="2,207,863"/>	<input type="text" value="2,341,257"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

Christopher E. Kondracki

Name of Person Signing

Signature

1 December 2000

Date Signed

**TRADEMARK AND TRADEMARK
APPLICATIONS SECURITY AGREEMENT**

November 16, 2000

THIS AGREEMENT is made between

Fleet Retail Finance Inc. (in such capacity, the "**Agent**"), a Delaware corporation with offices at 40 Broad Street, Boston, Massachusetts 02109, as agent for a syndicate of revolving credit lenders (the "**Revolving Credit Lenders**")

and

Phar-Mor, Inc. (hereinafter, the "**Borrower**"), Pennsylvania corporation with its principal executive offices at 20 Federal Plaza West, Youngstown, Ohio 44501

in consideration of the mutual covenants contained herein and benefits to be derived herefrom,

WITNESSETH:

1. **BACKGROUND:** The Agent and the Borrower and others have entered in a certain Loan and Security Agreement of even date (as such agreement may be modified, supplemented, amended or restated from time to time, hereinafter, the "**Loan Agreement**") pursuant to which a credit facility has been established in favor of the Borrower and under which the Borrower's Liabilities are to be secured by certain of the Borrower's assets, including all Marks (as defined in Section 3). (Terms used herein which are defined in the Loan Agreement are used as so defined).

2. **GRANT OF SECURITY INTEREST:** To secure the Liabilities, the Borrower hereby creates a security interest in favor of the Agent (for the ratable benefit of the Agent and the Revolving Credit Lenders), with power of sale (which power of sale shall be exercisable only following the occurrence of an Event of Default) in and to the following and all proceeds thereof (collectively, the "**TM Collateral**"):

(a) All of the Borrower's now owned or existing or hereafter acquired or arising trademarks, trademark applications, service marks, registered service marks and service mark applications including, without limitation, those listed on **EXHIBIT A** annexed hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademarks, trademark applications, service marks, registered service marks, and service mark applications.

- (b) All renewals of any of the foregoing.
- (c) All income, royalties, damages and payments now and hereafter due and/or

payable under and with respect to any of the foregoing, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof.

(d) The right to sue for past, present and future infringements and dilutions of any of the foregoing.

(e) All of Borrower's rights corresponding to any of the foregoing throughout the world.

3. **PROTECTION OF MARKS BY BORROWER:** The Borrower shall undertake the following with respect to each items respectively described in Sections 2(a) and 2(b) (collectively, the "**Marks**"):

(a) Pay all renewal fees and other fees and costs associated with maintaining the Marks and with the processing of the Marks, other than those Marks which in the reasonable judgment of the Borrower, are no longer useful to the business of the Borrower.

(b) At the Borrower's sole cost, expense, and risk, take any and all action which Borrower deems desirable to protect the Marks, including, without limitation, but subject to Borrower's discretion, the prosecution and defense of infringement actions.

4. **BORROWER'S REPRESENTATIONS AND WARRANTIES AND COVENANTS:** The Borrower represents and warrants that:

(a) **EXHIBIT A** includes all of the registered trademarks, Federal trademark applications, registered service marks and Federal service mark applications now owned by the Borrower.

(b) All TM Collateral is and shall remain, free and clear of all liens, Encumbrances (except for Permitted Encumbrances), or security interests to any Person other than to the Agent.

(c) The Borrower shall give the Agent written notice (with reasonable detail) within Thirty (30) days following the occurrence of any of the following:

(i) The Borrower's obtaining rights to, and filing applications for registration of, any new trademarks, or service marks, or otherwise acquires ownership of any newly registered trademarks, registered service marks, trademark applications, or service mark applications, (other than the Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(ii) The Borrower's becoming entitled to the benefit of any registered

trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than Borrower's right to sell products containing the trademarks of others in the ordinary course of Borrower's business).

(iii) The Borrower's entering into any new trademark license agreement or service mark license agreement.

5 AGREEMENT APPLIES TO FUTURE MARKS:

(a) The provisions of this TM Security Agreement shall automatically apply to any such additional property or rights described in Section 4(c), above, all of which shall be deemed to be and treated as "Marks" within the meaning of this TM Security Agreement.

(b) The Borrower hereby authorizes the Agent following an Event of Default (otherwise after notice to the Borrower) to take all such action reasonably necessary to protect the Agent's interest in and concerning any future registered trademarks, trademark applications, registered service marks and service mark applications, written notice of which is so given, *provided, however*, the Agent's taking of such action shall not be a condition to the creation or perfection of the security interest created hereby.

6. BORROWER'S RIGHTS TO ENFORCE MARKS: Prior the Agent's giving of notice to the Borrower following the occurrence of an Event of Default, the Borrower shall have the exclusive right to sue for past, present and future infringement of the Marks including the right to seek injunctions and/or money damages, in an effort by Borrower to protect the Marks against encroachment by third parties, *provided, however*:

(a) The Borrower first provides the Agent with written notice of the Borrower's intention to so sue for enforcement of any Mark.

(b) Any money damages awarded or received by the Borrower on account of such suit (or the threat of such suit) shall constitute TM Collateral.

(c) Following the occurrence of any Event of Default, the Agent, by notice to the Borrower may be terminate or limit the Borrower's rights under this Section 6.

7. AGENT'S ACTIONS TO PROTECT MARKS: In the event of

(a) the Borrower's failure, within Thirty (30) days of written notice from the Agent, to cure any failure by the Borrower to perform any of the Borrower's obligations set forth in Section 3; and/or

(b) the occurrence of any Event of Default,

the Agent, acting in its own name or in that of the Borrower, may (but shall not be required to) act in the Borrower's place and stead and/or in the Agents' own right in connection therewith.

8. **RIGHTS UPON DEFAULT:** Upon the occurrence of any Event of Default, the Agent may exercise all rights and remedies of a secured party upon default under the Uniform Commercial Code as adopted in Massachusetts (Massachusetts General Laws, Chapter 106), with respect to the Marks, in addition to which the Agent may sell, license, assign, transfer, or otherwise dispose of the Marks. Any person may conclusively rely upon an affidavit of an officer of the Agent that an Event of Default has occurred and that the Agent is authorized to exercise such rights and remedies.

9. **AGENT'S RIGHTS:**

(a) Any use by the Agent of the Marks, as authorized hereunder in connection with the exercise of the Agent' rights and remedies under this Agreement and under the Loan Agreement shall be coextensive with the Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges.

(b) None of this Agreement, the Loan Agreement, or any act, omission, or circumstance taken or arising hereunder may be construed as directly or indirectly conveying to the Agent any rights in and to the Marks, which rights are effective except following the occurrence of any Event of Default.

10. **INTENT:** It is intended that this Agreement supplement the Loan Agreement. All provisions of the Loan Agreement shall apply to the Marks. The Agent shall have the same rights, remedies, powers, privileges and discretions, with respect to the security interests created in the TM Collateral as in all other Collateral. In the event of a conflict between this Agreement and the Loan Agreement, the terms of this Agreement shall control with respect to the TM Collateral and the Loan Agreement with respect to all other Collateral.

11. **CHOICE OF LAWS:** It is intended that this Agreement take effect as a sealed instrument and that all rights and obligations hereunder, including matters of construction, validity, and performance, shall be governed by the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Borrower and the Agent respectively have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

PHAR-MOR, INC.
(The "Borrower")

FLEET RETAIL FINANCE INC.
(The "Agent")

By Martin S. Seekely
Name MARTIN S. SEEKELY
Title V.P. CFO

By James R. Dore
Name James R. Dore
Title Director

THE COMMONWEALTH OF MASSACHUSETTS
COUNTY OF SUFFOLK, SS

Then personally appeared before me Martin S. Seekely who acknowledged that such person is the duly authorized VP CFO of Phar-Mor, Inc. and that such person had executed the foregoing instrument on its behalf.

Witness my hand and seal this 15th day of November, 2000.

Karen Catano
Notary Public
My Commission Expires:
5/2007

THE COMMONWEALTH OF MASSACHUSETTS
COUNTY OF SUFFOLK, SS

Then personally appeared before me James R. Dore who acknowledged that such person is the duly authorized Director of Fleet Retail Finance Inc. and that such person executed the foregoing instrument on its behalf.

Witness my hand and seal this 15th day of November, 2000.

Karen Catano
Notary Public
My Commission Expires:
5/2007

EXHIBIT A

Borrower's now owned or existing or hereafter acquired or arising registered service marks and Federal service mark applications, registered trademarks, and Federal trade mark applications:

Trademark/Service Mark Registrations

<u>TRADEMARK</u>	<u>REGISTRATION NUMBER</u>	<u>REGISTRATION DATE</u>
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Trademark Applications

<u>MARK</u>	<u>SERIAL NUMBER</u>	<u>FILING DATE</u>
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602042.2

- H. **KD Karen Dianne and Design (Trademark)**
 Registration No. 2,207,863
 Serial No. 75/062924
 Date Registered: 12/8/98
 Registrant: Phar-Mor, Inc.

- I. **The Rx Place (Service Mark)**
 Registration No. 1,408,996
 Registrant: F.W. Woolworth Company, licensed to
 Pharmhouse Corp. until 4/28/2001, renewable for one
 additional year upon notice.

- J. **Needs-It (Trademark)**
 Registration No. 2,248,440
 Serial No. 75/072471
 Date Registered: June 1, 1999
 Registrant: Phar-Mor, Inc.

- K. **Cyber Phar-Mor (Service Mark)**
 Registration No. 2,341,257
 Date Registered: 4/11/00
 Serial No. 75/727520
 Filed: 6/17/99
 Registrant: Phar-Mor, Inc.

III. United States Trademarks/Service Marks/Applications Pending

- A. **Don't Pay Drug Store Prices (Service Mark)**
 Application rejected by examining attorney. Response
 Required by February 11, 2000. Appeal intended.
 Applicant: Phar-Mor, Inc.

- B. **Cyber Phar-Mor On-Line Store and Design (Service Mark) //**
 Serial No. 75/730785
 Filed: 6/17/99
 Applicant: Phar-Mor, Inc.

- C. **Pharmorcare**
 Serial No. 75/797,222
 Filed: 9/13/99
 Applicant: Phar-Mor, Inc.

- D. **Pharmorcare and Design**
 Serial No. 75/875,110
 Filed Electronically: 12/28/99
 Applicant: Phar-Mor, Inc.

75/145,261 10
 Filed 8/5/96