

FORM PTO-1595 (Modified)

RE

01-22-2001

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U.S. DEPARTMENT OF



Patent and Trademark Office

101589173

LY

Re: 1.3.01

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

1. Name of conveying party(ies):
Ultrepet, LLC
7 Alfred Circle
Bedford, MA 01730

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

Additional names(s) of conveying party(ies) Yes No

2. Name and address of receiving party(ies):

Name: **Congress Financial Corporation**
Internal Address:
Street Address: **One Post Office Square**
City: **Boston** State: **MA** Zip: **02109**

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

If assignee is not domiciled in the United States, a domestic designation is Yes No
(Designations must be a separate document from
Additional name(s) & address(es) Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: **July 20, 1999**

4. Application number(s) or registration numbers(s):
If this document is being filed together with a new application, the execution date of the application is:

A. Trademark Application No. (s)

B. Trademark Registration No.(s)
2,181,128

Additional numbers attached? Yes No

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

Name: **David D. Lowry, Esq.**

Internal Address:
Brown, Rudnick, Freed & Gesmer, P.C.
Box IP, 18th Floor

Street Address:
One Financial Center

City: **Boston** State: **MA** Zip: **02111**

6. Total number of applications and patents involved: **1**

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

Enclosed – Any excess or insufficiency should be credited or debited to deposit account:
 Authorized to be charged to deposit account

8. Deposit account number: **50-0369**

DO NOT USE THIS SPACE

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.

David D. Lowry (38,538)
Name of Person Signing

Signature

January 3, 2001
Date

Total number of pages including cover sheet, attachments, and document: **20**

TRADEMARK SECURITY AGREEMENT

AGREEMENT dated as of July 20, 1999 made by UltrPET, LLC, a New York limited liability company with a principal place of business at 7 Alfred Circle, Bedford, Massachusetts 01730 ("Debtor"), in favor of Congress Financial Corporation (New England), a Massachusetts corporation with a place of business at One Post Office Square, Boston, Massachusetts 02109, and its successors, assigns, and other legal representatives ("Secured Party") acting as agent for itself and First Union National Bank ("Lender").

W I T N E S S E T H:

WHEREAS, Debtor, Secured Party and Lender are parties to a Loan and Security Agreement (the "Loan Agreement"), dated as of the date hereof, pursuant to which Lender has agreed, subject to the terms thereof, to make certain loans and credit accommodations to Debtor; and

WHEREAS, Secured Party's and Lender's willingness to enter into the Loan Agreement and make the loans and credit accommodations available thereunder is subject to the condition, among others, that Debtor execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and for one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in addition to, and not in limitation of, any rights of the Secured Party and/or Lender under the Loan Agreement, Debtor hereby agrees for the benefit of Secured Party as follows:

1. DEFINITIONS; RULES OF INTERPRETATION.

1.1. All capitalized terms used herein shall have the respective meanings provided therefor in the Loan Agreement. In addition, the following terms shall have the meanings set forth in this Section 1 or elsewhere in this Security Agreement referred to below:

"Associated Goodwill" shall mean all goodwill of the Debtor or its business, products and services appurtenant to, associated with or symbolized by the Trademarks and/or the use thereof.

"Collateral" shall have the meanings ascribed to that term in the Loan Agreement.

"Event of Default" shall have the meaning ascribed to such term in the Loan Agreement.

"Licensed Trademarks" shall mean all Trademarks other than Owned Trademarks, including but not limited to those set forth on Schedule B hereto.

"Obligations" shall have the meaning ascribed to that term in the Loan Agreement.

“Owned Trademarks” shall mean all Trademarks in or to which the Debtor has or shall in the future have title or an ownership interest or right, including but not limited to those set forth on Schedule A hereto.

“Proceeds” shall mean any consideration received from the sale, exchange, license, lease or other transfer or disposition of any right, interest, asset or property which constitutes Trademark Collateral, any value received as a consequence of the ownership, possession, or use of any Trademark Collateral, and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft or other involuntary conversion of whatever nature of any right, interest, asset or property which constitutes Trademark Collateral.

“PTO” shall mean the United States Patent and Trademark Office.

“Related Assets” shall mean all assets, rights and interests of the Debtor which uniquely reflect or embody the Associated Goodwill, including but not limited to the following: all patents, inventions, copyrights, trade secrets, confidential information, formulae, algorithms, methods, processes, compounds, know-how, operating systems, drawings, descriptions, formulations, manufacturing and production and delivery procedures, quality control procedures, product and service specifications, catalogs, price lists, and advertising materials, relating to the manufacture, production, delivery, provision, licensing and sale of goods or services under or in association with any of the Trademarks, and all books and records describing or used in connection with any or all of the foregoing; and the following documents and things in the possession or under the control of the Debtor, or subject to its demand for possession or control, related to the production, delivery, provision, licensing and sale by the Debtor, or any affiliate, licensee or contractor, of products or services sold by or under the authority of the Debtor in connection with the Trademarks or Trademark Rights, whether prior to, on or subsequent to the date hereof:

(i) All lists, contracts, ancillary documents and other information which identify, describe or provide information with respect to any customers, dealers or distributors of the Debtor, its affiliates or licensees or contractors, for products or services sold under or in connection with the Trademarks or Trademark Rights, including but not limited to all lists and documents containing information regarding each customer’s, dealer’s or distributor’s name and address, credit, payment, discount, delivery and other sale terms, and history, pattern and total of purchases by brand, product, style, size and quantity;

(ii) all agreements, product and service specification documents, technical specifications and information, and operating, production and quality control manuals relating to or used in the design, manufacture, production, delivery, provision, licensing, and sale of products or services under or in connection with the Trademarks or Trademark Rights;

(iii) all documents and agreements relating to the identity and locations of all sources of supply, all terms of purchase and delivery, for all materials, components, raw materials

and other supplies and services used in the manufacture, production, provision, delivery, licensing and sale of products or services under or in connection with the Trademarks or Trademark Rights;

(iv) all agreements and documents constituting or concerning the present or future, current or proposed advertising and promotion by the Debtor (or any of its affiliates, licensees or contractors) of products or services provided, licensed or sold under or in connection with the Trademarks or Trademark Rights.

“Security Agreement” shall mean this Trademark Security Agreement, as it may be amended or supplemented from time to time.

“Trademarks” shall mean all of the trademarks, service marks, designs, logos, indicia, trade names, corporate names, company names, business names, fictitious business names, trade styles, elements of package or trade dress, and/or other source and/or product or service identifiers, and general intangibles of like nature, used or associated with or appurtenant to the products, services and business of the Debtor, which (i) are set forth on Schedule A and Schedule B attached hereto, or (ii) have been adopted, acquired, owned, held or used by the Debtor and are now owned, held or used by the Debtor, in the Debtor’s business, or with the Debtor’s products and services, or in which the Debtor has any right, title or interest, or (iii) are in the future adopted, acquired, owned, held and/or used by the Debtor in the Debtor’s business or with the Debtor’s products and services, or in which the Debtor in the future acquires any right, title or interest.

“Trademark Collateral” shall mean all of the Debtor’s right, title and interest (to the extent Debtor has any such right, title or interest) in and to all of the Trademarks, the Trademark Registrations, the Trademark License Rights, the Trademark Rights, the Associated Goodwill, the Related Assets, and all additions, improvements and accessions to, substitutions for, replacements of, and all products and Proceeds (including insurance proceeds) of any and all of the foregoing.

“Trademark License Rights” shall mean any and all past, present or future rights and interests of the Debtor pursuant to any and all past, present and future licensing agreements in favor of the Debtor, or to which the Debtor is a party, pertaining to any Trademarks (whether Owned Trademarks or Licensed Trademarks), or Trademark Rights, owned or used by third parties in the past, present or future, including the right in the name of the Debtor or Secured Party to enforce, sue and recover for, any past, present or future breach or violation of any such agreements. Such agreements shall include but not be limited to those set forth on Schedule B (with respect to Licensed Trademarks) hereto.

“Trademark Registrations” shall mean all past, present or future federal, state, local and foreign registrations of the Trademarks (and all renewals and extensions of such registrations), all past, present and future applications for any such registrations of the Trademarks (and any such registrations thereof upon approval of such applications), together with the right (but not the obligation) to apply for such registrations (and prosecute such applications) in the name of the

Debtor or the Secured Party, and to take any and all actions necessary or appropriate to maintain such registrations in effect and/or renew and extend such registrations.

“Trademark Rights” shall mean any and all past, present or future rights in, to and associated with the Trademarks throughout the world, whether arising under federal law, state law, common law, foreign law or otherwise, including but not limited to the following: all such rights arising out of or associated with the Trademark Registrations; the right (but not the obligation) to register claims under any state, federal or foreign trademark law or regulation; the right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of the Debtor or the Secured Party for any and all past, present and future infringements or dilution of or any other damages or injury to the Trademarks, the Trademark Rights, or the Associated Goodwill, and the rights to damages or profits due or accrued arising out of or in connection with any such past, present or future infringement, dilution, damage or injury.

“Use” of any Trademark shall include all uses of such Trademark by, for or in connection with the Debtor or its business or for the direct or indirect benefit of the Debtor or its business, including but not limited to all such uses by the Debtor itself, by any of the affiliates of the Debtor, or by any licensee or contractor of the Debtor.

1.2. UCC Terms. Unless otherwise defined herein or in the other Loan Agreement, the terms used in Article 9 of the Uniform Commercial Code of the Commonwealth of Massachusetts are used herein as therein defined.

2. GRANT OF SECURITY; COLLATERAL ASSIGNMENT.

2.1. Grant of Security Interest. As collateral security for the complete and timely payment, performance and satisfaction of all Obligations, the Debtor hereby unconditionally grants to the Secured Party, a continuing security interest in and first priority lien on the Trademark Collateral, and pledges, mortgages and hypothecates (but does not transfer title to) the Trademark Collateral to the Secured Party.

2.2. Collateral Assignment.

(a) In addition to, and not by way of limitation of, the grant, pledge, mortgage and hypothecation of the Trademark Collateral provided in Section 2.1, the Debtor hereby grants, assigns, transfers, conveys and sets over to the Secured Party, its entire right, title and interest in and to the Trademark Collateral; provided, however, that such grant, assignment, transfer and conveyance shall be and become of force and effect only upon the sale or other disposition of or foreclosure upon the Collateral pursuant to the Loan Agreement and Article 9 of the Uniform Commercial Code (including the transfer or other disposition of the Collateral by the Debtor to the Secured Party in lieu of foreclosure). The foregoing grant, assignment, transfer and conveyance shall be referred to from time to time herein as the “Section 2.2 Assignment.”

(b) The parties expressly acknowledge to the Secured Party and agree that on the date of this Security Agreement the Debtor delivered the Loan Agreement pursuant to which

the Debtor unconditionally granted to the Secured Party, a continuing security interest in and first priority lien on the Collateral (including the Trademark Collateral). The Loan Agreement and all rights and interests of the Secured Party in and to the Collateral (including the Trademark Collateral) thereunder, are hereby ratified, confirmed, adopted and approved. In no event shall this Security Agreement, the Section 2.2 Assignment of the Trademark Collateral hereunder, or the recordation of this Security Agreement (or any document hereunder) with the PTO, adversely affect or impair, in any way or to any extent, the Loan Agreement, the security interest of the Secured Party in the Collateral (including the Trademark Collateral) pursuant to the Loan Agreement, the attachment and perfection of such security interest under the Uniform Commercial Code, or the present or future rights and interests of the Secured Party in and to the Collateral under or in connection with the Loan Agreement, this Security Agreement and/or the Uniform Commercial Code. Any and all rights and interests of the Secured Party in and to the Trademark Collateral (and any and all obligations of the Debtor with respect to the Trademark Collateral) provided herein, or arising hereunder or in connection herewith, shall only supplement and be cumulative and in addition to the rights and interests of the Secured Party (and the obligations of the Debtor) in, to or with respect to the Collateral (including the Trademark Collateral) provided in or arising under or in connection with the Loan Agreement.

2.3. Effect of Section 2.2 Assignment. Upon the effectiveness of the Section 2.2 Assignment, the Secured Party shall own the entire right, title and interest in and to the Trademark Collateral, free and clear of any lien, charge, encumbrance or claim of the Debtor or any other party (other than ownership and other rights reserved by owners of Licensed Trademarks or other Trademark Collateral licensed to the Debtor). Upon such effectiveness, in addition to all other rights and remedies of the Secured Party, whether under law, the Loan Agreement or otherwise (all such rights and remedies being cumulative, not exclusive, and enforceable alternatively, successively or concurrently, without notice to or consent by the Debtor except as expressly provided otherwise herein), the Secured Party's rights and remedies with respect to the Trademark Collateral, shall include but not be limited to the following, without payment of royalty or compensation of any kind to the Debtor except as expressly provided otherwise herein:

(a) The Secured Party may exercise, in respect of the Trademark Collateral, all the rights and remedies of a secured party upon default under the Uniform Commercial Code (whether or not such Code applies to the affected Trademark Collateral) or other law applicable to any part of the Trademark Collateral.

(b) The Secured Party may operate the business of the Debtor using the Trademark Collateral.

(c) The Secured Party may, to the same extent that the Debtor has the right to do so immediately prior to the effectiveness of the Section 2.2 Assignment, license or sublicense, whether general, special or otherwise and whether on an exclusive or nonexclusive basis, any of the Trademark Collateral, throughout the world for such term or terms, on such conditions, and in such manner, as the Secured Party shall in its sole discretion determine.

(d) The Secured Party may, in its discretion, file and record at Debtor's expense with the PTO, and such state offices as Secured Party may deem necessary or appropriate, a copy of this Agreement and take such action as may be necessary to effect the transfer of the Trademark Collateral into Secured Party's name.

(e) The Secured Party may, to the extent permitted by law, in its sole discretion, without notice except as specified below, assign, sell or otherwise transfer or dispose of the Trademark Collateral or any part thereof, either with or without special or other conditions or stipulations, with power to buy the Trademark Collateral or any part of it in one or more portions at public or private sale, at any of the Secured Party's offices or elsewhere, at such time or times, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Secured Party may deem commercially reasonable, irrespective of the impact of any such sales on the market price of any of the Trademark Collateral. Each such purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Debtor or any party claiming through the Debtor, and the Debtor hereby waives (to the extent permitted by law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Debtor agrees that, to the extent notice of sale shall be required by law, at least five (5) days' notice to the Debtor 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. At any sale of the Trademark Collateral, if permitted by law, the Secured Party may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for and purchase the Trademark Collateral or any portion thereof for the account of the Secured Party. The Secured Party shall not be obligated to make any sale of the Trademark Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was adjourned. In the case of any sale of all or any part of the Trademark Collateral is made on credit or for future delivery, the Trademark Collateral sold may be retained by the Secured Party until the sale price is paid by the purchaser or purchasers thereof, but the Secured Party shall not incur any liability in the case any such purchaser shall fail to pay for any Trademark Collateral so sold and, in case of any such failure, such Trademark Collateral may be sold again upon like notice to the Debtor. The Debtor recognizes that the Secured Party may elect in its sole discretion to sell all or part of the Trademark Collateral to one or more purchasers in privately negotiated transactions. The Debtor hereby waives any claims against the Secured Party arising by reason of the fact that the price at which any Trademark Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Secured Party accepts the first offer received and does not offer such Trademark Collateral to more than one offeree. The Secured Party shall also have the power to execute assurances, and do all other acts and things for completing the assignment, sale, transfer or disposition which the Secured Party, in its sole discretion, deems appropriate or proper.

(f) In addition to the foregoing, in order to implement the assignment, sale, transfer or other disposition of any of the Trademark Collateral pursuant to Section 2.3 (e) hereof, the Secured Party may, pursuant to the authority granted in the power of attorney

provided in Section 6 hereof (such authority becoming effective upon the occurrence and during the continuation of an Event of Default), execute and deliver on behalf of the Debtor one or more instruments of assignment of the Trademark Collateral, in form suitable for filing, recording or registration in any jurisdiction or country.

2.4. Effect of Section 2.2 Assignment - Borrower's Obligations.

(a) Upon the effectiveness of the Section 2.2 Assignment provided herein, the Debtor shall have no right, title or interest in or to any of the Trademark Collateral, and the Debtor shall immediately cease and desist in the use of the Trademarks or any colorable imitation thereof, and shall, upon written demand of the Secured Party, deliver to the Secured Party (or the Secured Party's designee) all unused or unsold goods bearing the Trademarks.

(b) In addition, upon the effectiveness of the Section 2.2 Assignment provided herein, upon the written demand of the Secured Party, the Debtor shall execute and deliver to the Secured Party an assignment or assignments of the Trademark Collateral and such other documents, as are necessary or appropriate to carry out the intent and purposes of this Security Agreement; provided that the failure of the Debtor to comply with such demand will not impair or affect the validity of the Section 2.2 Assignment. The Debtor agrees that any such assignment (including a Section 2.2 Assignment) and/or any recording thereof shall be applied to reduce the Obligations outstanding only to the extent that the Secured Party actually receives cash proceeds in respect of the assignment, sale, license, transfer or disposition of, or other realization upon, the Trademark Collateral.

(c) In the event of any such license, assignment, sale, transfer or other disposition of the Trademark Collateral, or any of it, after the occurrence and during the continuation of an Event of Default, whether to or by the Secured Party, the Debtor shall supply to the Secured Party (or the Secured Party's designee) the Debtor's know-how and expertise relating to the products and services sold and provided under the Trademarks, and other records relating to the Trademark Collateral and to the production, marketing, delivery and sale of said products and services. Without limiting the generality of the foregoing, within five (5) days of written notice thereof from the Secured Party, the Debtor shall use reasonable efforts to make available to the Secured Party, such personnel in the Debtor's employ on the date of the Event of Default as the Secured Party may reasonably designate, by name, title or job responsibility, to permit the Debtor (or if the Secured Party so elects, the Secured Party or the Secured Party's designee) to continue, directly or indirectly, to manufacture, produce, supply, advertise, provide, license, sell and deliver the products or services sold by the Debtor under the Trademarks, such persons to be available to perform their prior functions on the Secured Party's behalf and, if the Secured Party so elects to utilize their services, to be compensated by the Secured Party on a per diem, pro rata basis consistent with the wages and salary structure applicable to each as of the date of such Event of Default.

2.5. No Obligations of Secured Party. Nothing herein contained shall be construed as obligating the Secured Party to take any of the foregoing actions at any time.

2.6. Costs and Application of Proceeds. The Debtor agrees to pay when due all reasonable costs incurred in any license, assignment, sale, transfer or other disposition of all or any portion of the Trademark Collateral to or by the Secured Party, including any taxes, fees and reasonable attorneys' fees, and all such costs shall be added to the Obligations. The Secured Party may apply the Proceeds actually received from any such license, assignment, sale, transfer, other disposition or other collection or realization, to the reasonable out-of-pocket costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all reasonable legal, travel and other expenses which may be incurred or paid by the Secured Party in protecting or enforcing its rights upon or under this Security Agreement, the Trademark Collateral, the Collateral or the Obligations, and any proceeds remaining shall be held by the Secured Party as collateral for, and/or then or at any time thereafter applied to the Obligations, in accordance with the Loan Agreement; and the Debtor shall remain liable and will pay the Secured Party on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the Obligations and the balance of any expenses unpaid. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive such surplus.

2.7. License. In addition to, and not by way of limitation of, all other rights of the Secured Party and obligations of the Debtor pursuant to this Security Agreement and the Loan Agreement, upon the effectuation of a Section 2.2 Assignment, the Secured Party shall hold an exclusive fully paid-up, irrevocable and perpetual, worldwide right and license to make use, practice and sell (or license or otherwise transfer to third persons) the Trademark Collateral, with the exception of the rights granted under any agreement listed on Schedule B, for the exclusive purpose of (and to the extent necessary and sufficient for) the full and complete enjoyment and exercise of and realization upon the rights, remedies and interests of the Secured Party pursuant to this Security Agreement and the Loan Agreement.

3. REPRESENTATIONS AND WARRANTIES. The Debtor represents and warrants to, and covenants and agrees with, Secured Party, as follows:

3.1. Schedules of Trademarks. Set forth on Schedule A hereto is a true and complete list of all present Owned Trademarks and Trademark Registrations of the Debtor. Set forth on Schedule B hereto is a true and complete list of all Licensed Trademarks, the owners thereof, and the license or other agreements pursuant to which the Debtor has the right to make, use, practice or sell the Licensed Trademarks. Schedule A and Schedule B together comprise a true and complete list of all present Trademarks and Trademark Registrations. All licenses and other agreements applicable to the Trademarks are the valid and binding obligations of all of the parties thereto, enforceable against each of such parties in accordance with their respective terms (provided that, with respect to any such parties other than the Debtor and its affiliates, such representation and warranty is made to the best of the Debtor's knowledge and belief).

3.2. Title. Except as set forth on Schedule B, the Debtor is and will continue to be the sole and exclusive owner of the entire legal and beneficial right, title and interest in and to the Trademarks (except for licenses and rights granted in the ordinary course of business) and

sufficient Trademark Collateral to preserve the Debtor's rights in its Trademarks, free and clear of any lien, charge, security interest or other encumbrance, except for the security interest and conditional assignment created by this Security Agreement and the Loan Agreement, and except for liens and encumbrances explicitly permitted pursuant to the Loan Agreement. To the extent deemed necessary or appropriate by the Debtor in its reasonable business judgment, the Debtor will defend its right, title and interests in and to the Trademarks and the Trademark Collateral against any and all claims of any third parties.

3.3. Validity and Enforceability. The Trademarks and the Trademark Registrations and Trademark Rights related thereto are subsisting, and have not been adjudged invalid or unenforceable; to the best of the Debtor's knowledge and belief, all of the Trademarks and the Trademark Registrations and Trademark Rights related thereto are valid and enforceable; the Debtor has not received any written claim by any third party that any of the Trademarks and the Trademark Registrations and Trademark Rights related thereto are invalid or unenforceable.

3.4. Exclusive Right to Use. To the best of the Debtor's knowledge and belief except as otherwise disclosed on Schedule B, the Debtor has, and shall continue to have, the exclusive right to use all the Trademarks in the manner in which they are now used, with the goods and services with which they are now used (and, in the case of registered Trademarks, for which they are registered), and throughout the geographic areas in which they are now used (and, in the case of registered Trademarks, throughout the jurisdictions in which they are registered), free and clear of any liens, charges, encumbrances, claims or rights of any third party, or restrictions on the rights of the Debtor to protect or enforce any of its Trademark Rights against any third party.

3.5. No Financing Statements, Etc. There is not on file in any governmental or regulatory authority, agency or recording office, in the United States or to the Debtor's knowledge in any foreign country, any effective financing statement, security agreement, assignment, license or transfer or notice of any of the foregoing (other than those that have been filed in favor of the Secured Party) covering any of the Trademark Collateral, and the Debtor is not aware of any such filing, other than those for which duly executed termination statements have been delivered to the Secured Party. So long as this Security Agreement shall be in effect, the Debtor shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except financing statements or other documents or instruments filed or to be filed in favor of the Secured Party).

3.6. No Claims or Proceedings. No claim has been made that the Debtor's use of any of the Trademarks does or may violate the rights of any third party. There has been no decision adverse to the Debtor's claim of ownership rights in or exclusive rights to use the Trademarks or any material part of the Trademark Collateral associated therewith, or to its right to use and register the Trademarks in any jurisdiction or to keep and maintain such registrations in full force and effect, and there is no proceeding involving said rights threatened or pending in the PTO or any similar office or agency of the United States, any state or foreign country or in any court.

3.7. Notice of Adverse Developments. The Debtor shall promptly notify the Secured Party of the institution of and any final adverse decision (after exhausting all appeals) in any

proceeding in the PTO or any similar office or agency of the United States or any state or any foreign country, or the institution of or any adverse judgment in any proceeding in any court, regarding the Debtor's claim of ownership in any of the Trademarks, or any material part of the related Trademark Collateral, its right to register any of the same, or to keep and maintain any such registration.

3.8. After-Acquired Trademark Collateral. The Debtor agrees that, upon its commencement of use of or acquisition of any right, title or interest in or to any Trademark, Trademark Registration or Trademark Right other than the Trademarks, Trademark Registrations and Trademark Rights set forth on Schedules A and B hereto (including any variations or new versions of such scheduled Trademarks, Trademark Registrations and Trademark Rights), or upon commencement of use of any Trademark with (or the addition to any Trademark Registration of) any new class of goods or services, the provisions of this Security Agreement shall automatically apply thereto. The Secured Party shall be authorized to amend Schedules A and B, as appropriate, to include such additional Trademarks, Trademark Registrations and Trademark Rights, without the necessity for the Debtor's approval of or signature to such amendment, and the Debtor shall do all such other acts (at its own expense) deemed necessary or appropriate by the Secured Party to implement and preserve the Secured Party's interest therein (including but not limited to executing and delivering, and recording in all places where this Security Agreement or notice hereof is recorded, an appropriate counterpart of this Security Agreement). Such additional Trademarks, Trademark Registrations and Trademark Rights shall be automatically included in the "Trademarks," "Trademark Registrations" and "Trademark Rights" as defined herein. Upon the use of a new mark, the Debtor shall provide to the Secured Party a new Schedule A which shall amend, supplement or otherwise modify and update the prior Schedule to the then current date, and such updated Schedule A shall automatically be deemed to be a part of this Security Agreement.

3.9. Maintenance of Trademark Collateral. The Debtor shall take any and all such actions (including but not limited to institution and maintenance of suits, proceedings or actions) as may be deemed necessary or appropriate by the Debtor in its reasonable business judgment to properly maintain, protect, preserve, care properly for and enforce the Trademarks and the Trademark Registrations, Trademark Rights and Associated Goodwill relating thereto and sufficient Related Assets to preserve the Debtor's rights in the Trademarks. Without limiting the generality of the foregoing, the Debtor shall pay when due all fees, taxes and other expenses which shall be incurred or which shall accrue with respect to any of such Trademark Collateral as may be deemed necessary or appropriate by the Debtor in its reasonable business judgment to preserve the Trademarks.

3.10. Manner of Use of Trademarks. The Debtor shall continue to use the Trademarks in its business in the same or similar manner as it has in the past, for registered Trademarks, shall continue to use each Trademark in each jurisdiction of registration (and in interstate commerce for federally registered Trademarks in each and every class of goods or services for which it is registered), and in general shall continue to use the Trademarks in each and every class of goods and services applicable to the Debtor's current use of the Trademarks in its

business as reflected in its current catalogs, brochures, advertising and price lists, all in order to maintain the Trademarks in full force, free from any claim or risk of abandonment for non-use.

3.11. Consistent Quality Standards. In order to protect and maintain the Trademark Collateral, and to prevent any deception of the public, the Debtor shall operate its business and use the Trademarks in accordance with the same requirements and quality standards as in the past have been and now are applicable to its goods and services, and shall maintain the quality of all such goods and services, sold or provided under or in connection with the Trademarks commensurate with the quality of the business, goods and services now and previously associated with the Trademarks.

3.12. Trademark Symbols and Notices. The Debtor has in the past used, and shall in the future use, the Trademarks with the statutory and other appropriate symbols, notices or legends of the registrations and ownership thereof consistent with past practice or as deemed necessary or appropriate by the Debtor in its reasonable judgment.

3.13. No Conflicting Agreements. The Debtor shall not take any actions or enter into any agreements, including but not limited to any agreements for the assignment, sale, transfer, license, disposition, grant of any interest in or encumbrance of any of the Trademark Collateral, which are inconsistent with or would or might impair in any way the Debtor's representations, warranties and covenants herein, without the prior written consent of the Secured Party (which consent shall not be unreasonably withheld or delayed). Without limiting the generality of the foregoing, the Debtor shall not permit the inclusion in any agreement to which it becomes a party of any provision which could or might in any way impair or prevent the creation of a security interest in or the conditional assignment of the Debtor's rights and interests in any property of material value acquired under such agreement which is included within the definition of Trademark Collateral.

3.14. No Abandonment. The Debtor shall not abandon any of the Trademarks, Trademark Registrations or Trademark Rights, nor do any act nor omit to do any act if such act or omission is of a character that tends to cause or contribute to the abandonment of any Trademark, Trademark Registration or Trademark Right or loss of or adverse effect on any rights in any Trademark, Trademark Registration or Trademark Right. Prohibited acts of the Debtor shall include but not be limited to "assignments in gross" of any Trademark or the license of any Trademark without both appropriate contractual use and quality control provisions and proper monitoring, supervision and enforcement by the Debtor of the quality of the licensed goods or services.

3.15. Protection of Distinctiveness. The Debtor shall take all necessary and appropriate actions to insure that none of the Trademarks shall become generic or merely descriptive.

3.16. Enforcement of Licenses. The Debtor shall do all things as may be deemed necessary or appropriate by the Debtor in its reasonable business judgment to insure that each licensee of any Owned Trademark, in its use of the Trademarks in its business, shall (i) comply fully with all applicable license agreements and (ii) satisfy and perform all the same standards

and obligations set forth herein (with respect to the Debtor's use of the Trademarks) as fully as though such standards and obligations were set forth with respect to such licensee's use of the Trademarks.

3.17. No Infringements. To the best of the Debtor's knowledge and belief, there is at present no material infringement or unauthorized or improper use of the Trademarks or the Trademark Registrations or the Trademark Rights related thereto. The Debtor shall use commercially reasonable efforts to detect any such infringement or unauthorized or improper use. In the event any such infringement or unauthorized or improper use by any third party has been reasonably established by the Debtor, the Debtor shall promptly notify the Secured Party and shall have the right to sue and recover therefor and to retain any and all damage so recovered or obtained. In the event the Debtor fails so to sue or bring legal action, the Debtor shall notify the Secured Party within thirty (30) days after the date of original notice to the Secured Party.

4. RIGHTS OF AND LIMITATIONS ON SECURED PARTY. It is expressly agreed by Debtor that Debtor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it relating to the Trademark Collateral. Secured Party shall not have any contractual obligation or liability under or in relation to the Trademark Collateral by reason of, or arising out of, this Security Agreement and Secured Party's rights hereunder, or the assignment by Debtor to Secured Party of, or the receipt by Secured Party of, any payment relating to any Trademarks, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Debtor relating to the Trademark Collateral or be liable to any party on account of Debtor's use of the Trademark Collateral, and Debtor will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage (including reasonable attorneys fees and expenses) suffered in connection with such obligations or use or suffered in connection with any suit, proceeding or action brought by Secured Party in connection with any Trademark Collateral.

5. PRESERVATION OF TRADEMARK COLLATERAL; COOPERATION OF BORROWER. Without limiting the obligations of Debtor under the Loan Agreement, Debtor shall take such actions as are necessary to preserve and maintain its rights in and to the Trademark Collateral. Upon the request of Secured Party, Debtor shall execute, acknowledge and deliver all documents and instruments and take such other actions, including without limitation testifying in any legal or administrative proceedings, as may be necessary or desirable to preserve or enforce Debtor's rights in and to the Trademark Collateral or to accomplish the purposes of this Security Agreement or the Loan Agreement.

6. SECURED PARTY'S APPOINTMENT AS ATTORNEY-IN-FACT.

6.1. Appointment of Secured Party. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be

necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor upon and during the continuance of an Event of Default, without notice to or assent by Debtor to do the following:

(a) to apply for and prosecute any applications for recording or registrations of any Trademark Collateral, and to file any affidavits or other documents necessary or desirable to preserve, maintain or renew any such registrations;

(b) to assign, sell or otherwise dispose of all or any part of Debtor's right, title and interest in and to the Trademark Collateral, including without limitation the Trademarks listed on Schedules A and B, and all registrations and recordings thereof and pending applications therefor;

(c) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to enforce any right in respect of any Trademark; to defend any suit, action or proceeding brought against Debtor with respect to any Trademark Collateral; to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(d) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Trademarks as fully and completely as though Secured Party were the absolute owner thereof for all purposes;

(e) to do, at Secured Party's option and Debtor's expense, at any time or from time to time, all acts and things that Secured Party deems necessary to protect, preserve or realize upon the Trademark Collateral and Secured Party's security interests therein, in order to effect the intent of this Security Agreement; and

(f) to execute any and all documents, statements, certificates or other writings necessary or advisable in order to effect the purposes described above as Secured Party may in its sole discretion determine.

Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

6.2. No Duty or Obligation. The powers conferred on Secured Party hereunder are solely to protect the interests of Secured Party in the Trademark Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its own willful misconduct taken or omitted in bad faith.

7. PERFORMANCE BY SECURED PARTY OF BORROWER'S OBLIGATIONS, INDEMNIFICATION.

7.1. Secured Party's Actions. If Debtor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Secured Party incurred in connection with such performance or compliance shall be paid by Debtor on demand and until so paid shall be added to the principal amount of the Obligations and shall bear interest at the same rate as the Obligations under the Loan Agreement.

7.2. Indemnification. The Debtor shall indemnify and hold harmless the Secured Party and Lender from and against, and shall pay to the Secured Party on demand, any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities of any kind or nature (except those resulting from the Secured Party's gross negligence or willful misconduct) arising in any way out of or in connection with this Security Agreement, the Trademark Collateral, custody, preservation, use, operation, sale, license (or other transfer or disposition) of the Trademark Collateral, any alleged infringement of the intellectual property rights of any third party, the production, marketing, delivery and sale of the goods and services provided under or in connection with any of the Trademarks or the Trademark Collateral, the sale of, collection from or other realization upon any of the Trademark Collateral, the failure of the Debtor to perform or observe any of the provisions hereof, or matters relating to any of the foregoing. The Debtor shall also indemnify and hold harmless the Secured Party from and against any and all claims, actions, suits, judgments, penalties, losses, damages, costs, disbursements, expenses, obligations or liabilities arising out of or in connection with any fault, negligence, act or omission of the Debtor (regardless of whether such fault, negligence, act or omission occurred or occurs prior to or after such effectiveness). The Debtor shall make no claim against the Secured Party for or in connection with the exercise or enforcement by the Secured Party of any right or remedy granted to it hereunder, or any action taken or omitted to be taken by the Secured Party hereunder (except for the willful misconduct of the Secured Party as determined by a court of competent jurisdiction of which Secured Party had notice which determination is final and not subject to appeal).

8. EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an Event of Default:

- (a) Debtor's failure to pay any amount on the date or in the manner required hereunder;
- (b) Debtor's default in the due performance or observance of any other covenant, condition or provision to be performed or observed by it hereunder;
- (c) The occurrence of an Event of Default under the Loan Agreement.

9. REMEDIES, RIGHTS UPON DEFAULT. If an Event of Default occurs and is continuing:

(a) Secured Party may exercise for the benefit of Secured Party, in addition to all other rights and remedies granted in the Loan Agreement, in this Security Agreement, and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the UCC.

(b) To the extent that it may lawfully do so, Debtor agrees that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any appraisal, valuation, stay, extension or redemption laws, or any law permitting it to direct the order in which the Trademarks or any part thereof shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Security Agreement or the Obligations and hereby expressly waives all benefit or advantage of any such laws and covenants that it will not hinder, delay or impede the execution of any power granted or delegated to Secured Party in this Security Agreement, but will suffer and permit the execution of every such power as though no such laws were in force.

(c) Debtor shall be responsible for any and all expenses, including reasonable attorneys' fees and expenses, incurred or paid by Secured Party in protecting or enforcing any rights of Secured Party hereunder. Secured Party shall also have the right to pay all other sums deemed necessary or desirable by it for the preservation and protection of the Trademarks, or for the realization thereupon, including taxes, insurance, application and renewal fees, and any other fees or costs. All such sums so paid by Secured Party shall be "Obligations" within the meaning of this Security Agreement, due upon demand.

10. NOTICES. Except as otherwise specified herein, all notices, requests, demands or other communications to or on Debtor or Secured Party shall be in writing (including teletransmissions), and shall be given or made, as provided in the Loan Agreement.

11. SEVERABILITY. Any provision herein that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12. NO WAIVER OF RIGHTS. No failure to exercise nor any delay in exercising, on the part of Secured Party, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege operate as a waiver of any further or complete exercise thereof. No waiver shall be effective unless in writing. No waiver or condonation of any breach on one occasion shall be deemed a waiver or condonation on any other occasion.

13. CUMULATIVE REMEDIES. This Security Agreement and the obligations of Debtor hereunder are in addition to and not in substitution for any other obligations or security

interests now or hereafter held by Secured Party and shall not operate as a merger of any contract or debt or suspend the fulfillment of or affect the rights, remedies, powers, or privileges of Secured Party in respect of any obligation or other security interest held by it for the fulfillment thereof. The rights and remedies provided hereunder are cumulative and not exclusive of any other rights or remedies provided by law or under the Loan Agreement.

14. SPECIFIC ENFORCEMENT. Due to the unique nature of the Trademark Collateral, and in order to preserve its value, the Debtor agrees that the Debtor's agreements, duties and obligations under this Security Agreement shall be subject to specific enforcement and other appropriate equitable orders and remedies.

15. SUCCESSORS. This Security Agreement shall be binding upon and inure to the benefit of Debtor, Secured Party and their respective successors and assigns, except that Debtor may not assign or transfer its rights or obligations hereunder without the prior written consent of Secured Party. Secured Party may from time to time assign its rights and delegate its obligations, in which event Debtor shall only have recourse to the assignee for the performance of Secured Party's obligations that have been so delegated.

16. GOVERNING LAW. This Security Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Massachusetts without reference to its choice or conflict of laws, rules or principles.

17. COUNTERPARTS. This Security Agreement may be executed by one or more of the parties on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

18. DESCRIPTIVE HEADINGS. The captions in this Security Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

19. WAIVER OF TRIAL BY JURY. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT AND THE LOAN AGREEMENT, OR AS TO THE VALIDITY, PROTECTION, INTERPRETATION, ADMINISTRATION, COLLECTION OR ENFORCEMENT HEREOF OR THEREOF OR PURSUANT TO THE LOAN AGREEMENT, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING BETWEEN BORROWER AND SECURED PARTY.

IN WITNESS WHEREOF, Debtor has caused this Security Agreement to be executed by its duly authorized officer as of the date first written above.

WITNESS:

[Signature]

UltrePET, LLC

By: M. Scott Mellen

Name: M. SCOTT MELLAN

Title: VICE PRESIDENT

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK

July 20, 1999

Then personally appeared the above-named M. Scott Mellen and stated that he she is a duly authorized Vice President of UltrPET, LLC ("Company"), and acknowledged the foregoing to be his/her free act and deed and the free act and deed of said Company, before me,

[Signature]

NOTARY PUBLIC

MY COMMISSION EXPIRES:

GAIL MARIE CARPINIELLO
Notary Public
My Commission Expires March 31, 2000

SCHEDULE A TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

TRADEMARKS, TRADEMARK REGISTRATIONS, SERVICE MARKS

Trademark

Registration Number

Ultr^ePET

2,181,128

SCHEDULE B TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

LICENSED TRADEMARKS, LICENSING AGREEMENTS

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