

01-24-2001



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**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

- 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/AK/A/T/A

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

- Individual** **General Partnership** **Limited Partnership**

Corporation **Association**

Other

Citizenship/State of Incorporation/Organization

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.)

01/24/2001 GTON11 00000081 75752562

FOR OFFICE USE ONLY

Refund Ref: 01/24/2001 GTON11 0000101319

01 FC:481 40.00 DP
02 FC:482 125.00 DP

CHECK Refund Total: \$75.00

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

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="75752562"/>	<input type="text" value="75752563"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2330715"/>
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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.

Stuart Sorokin
Name of Person Signing


Signature

08/14/00
Date Signed

**RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY**

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional 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)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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 the Assignment.)

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)

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SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SECURITY AGREEMENT AND FINANCING STATEMENT, dated this 14th day of August, 2000 (hereinafter "Agreement") by and between GreatBank, an Illinois banking corporation, (hereinafter "Bank") and Affy Tapple, L.L.C., a Delaware Limited Liability Company (hereinafter "Borrower")

WITNESSETH

WHEREAS, the Borrower and the Bank have entered into a Loan Agreement, dated as of this 14th day of August, 2000, (herein, as the same may be amended, modified or supplemented from time to time, called the "Loan Agreement"), pursuant to which the Bank has agreed to make loans to the Borrower, as evidenced by the promissory notes of Borrower, dated August 14, 2000, (hereinafter "Notes"), in the original principal amounts of \$750,000.00 and \$6,000,000.00, the Notes being payable to the order of the Bank, bearing interest as the rates provided for therein, and containing provisions for payment of attorneys' fees and acceleration of maturity in the event of default, as therein set forth; and

WHEREAS, the Borrower wishes to secure (i) the payment of the indebtedness evidenced by the Note, and any promissory note taken in renewal, exchange or substitution thereof or therefor, including interest on all of the foregoing and all costs of collecting the same; (ii) the performance and payment of the Borrower's obligations and liabilities under the Loan Agreement howsoever created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several, or now or hereafter existing, or due or to become due; (iii) the performance and payment of the Borrower's obligations and liabilities hereunder and (iv) the performance and payment of any and all other obligations and liabilities of the Borrower to the Bank howsoever created, arising or evidenced, whether direct or indirect, primary or secondary, absolute or contingent, joint or several, or now or hereafter existing, or due or to become due (all of the obligations and liabilities described in the preceding clauses (i)-(iv) being herein collectively called the "Liabilities");

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and of the direct and indirect benefits to be received by the Borrower as a result of the foregoing, the parties hereto agree as follows:

ARTICLE 1
Definitions

When used herein, the following terms shall have the following meanings:

Business Day - shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the state of Illinois) on which banks are open in Algonquin, Illinois.

Collateral - shall mean all of the following, whether now owned or hereafter acquired by the Borrower: (i) Copyrights, including all registered Copyrights, registrations, recordings, supplemental registrations and pending applications, all of which are listed on Schedule III attached hereto; (ii) Licenses, all of which are listed on Schedule IV hereto; (iii) Patents, including all granted Patents, recordings and pending applications, all of which are listed on Schedule I attached hereto; (iv) Trademarks, including all registered Trademarks, registrations, recordings, and pending applications, all of which are listed on Schedule II attached hereto; (v) General Intangibles and (vi) all products and Proceeds (including insurance proceeds) of, and additions, improvements and accessions to, and books and records describing or used in connection with, any and all of the property described above.

Copyrights - shall mean all of the following now or hereafter owned: (i) all copyright in any original work of authorship fixed in any tangible medium of expression, now known or later developed, which is material to the business of the Borrower, and (ii) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office.

Copyright License - shall mean any written agreement granting any right to any third party under any Copyright now or hereafter owned by the Borrower, or granting any right to the Borrower under any Copyright now or hereafter owned by any third party.

General Intangibles - shall mean all intangible, intellectual or other similar property of the Borrower of any kind or nature now owned or hereafter acquired by the Borrower, including inventions, designs, Patents, Copyrights, Licenses, Trademarks and associated goodwill, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software, databases and related documentation, registrations, franchises, and all other intellectual or other similar property rights not otherwise described above.

License - shall mean any Patent License, Trademark License, Copyright License or other license or sublicense as to which the Borrower is a party (other than those license agreements in existence as of the date hereof and listed on Schedule IV hereto and those license agreements entered into after the date hereof, which by their terms prohibit assignment or a grant of a security interest by the Borrower as licensee thereunder).

Patent License - shall mean any written agreement granting to any third party any right to practice any invention on which a Patent, now or hereafter owned by the Borrower, is in

existence, or granting to the Borrower any right to practice any invention on which a Patent, now or hereafter owned by any third party, is in existence.

Patents - shall mean all of the following now or hereafter owned: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any other country; and (ii) all reissues, continuations, divisions, continuations-in-part or extensions thereof and the inventions disclosed therein, including the right to make, use and/or sell the inventions disclosed therein.

Proceeds - shall mean any consideration received from the sale, exchange, lease or other disposition of any asset or property which constitutes Collateral, any value received as a consequence of the possession of any 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 asset or property which constitutes Collateral, any claim of the Borrower against third parties (i) for past, present or future infringement of any Patent now or hereafter owned by the Borrower or licensed under a Patent License; (ii) for past, present or future infringement or dilution of any Trademark now or hereafter owned by the Borrower; (iii) for past, present or future breach of any License; (iv) for past, present or future infringement of any Copyright now or hereafter owned by the Borrower or licensed under a Copyright License and (v) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

Trademark License - shall mean any written agreement granting to any third party any right to use any Trademark now or hereafter owned by the Borrower, or granting to the Borrower any right to use any Trademark now or hereafter owned by any third party.

Trademarks - shall mean all of the following now or hereafter owned: (i) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications filed in connection therewith, including registrations and applications in the United States Patent and Trademark Office, any state of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, and (ii) all goodwill associated therewith.

Uniform Commercial Code - shall mean the Uniform Commercial Code as in effect in the State of Illinois on the date of this Agreement.

ARTICLE II

Security Interest

SECTION 2.01 *Security Interest*. As security for the payment or performance, as the

case may be, of the Liabilities, the Borrower hereby creates, grants, assigns, mortgages, pledges, hypothecates and transfers to the Bank, its successors and assigns, a continuing first priority security interest in all of the Borrower's rights, title and interest in, to and under the Collateral (hereinafter "Security Interest"). Without limiting the foregoing, the Bank is hereby authorized to file one or more financing statements, continuation statements, filings with the United States Patent and Trademark Office or United States Copyright Office, or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by the Borrower hereunder, without the signature of the Borrower, naming the Borrower as debtor and the Bank as secured party.

The Borrower agrees at all times to keep accurate and complete accounting records with respect to the Collateral, including, but not limited to, a record of all payments and Proceeds received.

SECTION 2.02 *Further Assurances.* The Borrower agrees, at its expense, to promptly execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Bank may from time to time reasonably request to better assure and preserve the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this agreement, the granting of the Security Interest created hereby, the filing of any financing statements or other documents (including filings with the United States Patent and Trademark Office and the United States Copyright Office) in connection herewith, and the execution and delivery of any document required to supplement this Agreement with respect to any Patents, Trademarks and/or Copyrights acquired, registered or issued after the date hereof. If any amount greater than \$25,000.00, in the aggregate, payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument (other than checks), such note or instrument shall be immediately pledged and delivered to the Bank, duly endorsed in a manner satisfactory to the Bank. The Borrower agrees promptly to notify the Bank of any change (i) in its corporate name, (ii) in the location of its chief executive office and (iii) in its chief place of business. The Borrower agrees promptly to notify the Bank if any material portion of the Collateral is misappropriated, injured, infringed, or, if applicable, diluted.

SECTION 2.03 *Inspection and Verification.* The Bank and such representatives as the Bank may reasonably designate shall have the right to inspect, at any reasonable time or times during the Borrower's usual business hours, the records related to the Collateral owned by it (and to make extracts and copies from such a records); to discuss the Borrower's affairs with the offices of the Borrower and its independent accountants; and to verify under reasonable procedures the validity, amount, quality, quantity, value and status of or any other matter relating to such Collateral.

SECTION 2.04 *Taxes; Encumbrances.* At its option, the Bank, upon 10 Business Day's notice to the Borrower, may discharge past due taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral and may pay for the maintenance and preservation of the Collateral and the Borrower agrees to reimburse the Bank on demand for any payment made or any expense incurred by the Bank pursuant to the foregoing authorization, provided, however, that nothing in this Section 2.04 shall be interpreted as excusing the Borrower from the performance of, or requiring the Bank to care

or perform, any covenants or other promises of the Borrower with respect to taxes, liens, security interests or other encumbrances and maintenance as set forth herein or in the Loan Agreement.

SECTION 2.05 *Amendment of Schedules.* The Borrower hereby authorizes the Bank, with prompt notice thereof to the Borrower, to modify this Agreement by amending Schedules, I, II, III, IV hereto or to add additional schedules hereto to include any asset or item that may be Copyrights, Patents, Trademarks, or any other type of Collateral, as the case may be, under this Agreement, provided, however, that the Borrower shall have the right, exercisable with 10 days after it has been notified by the Bank of the addition of such Collateral to the applicable schedule hereto, to advise the Bank in writing of such Collateral's deviation from or failure to meet the representations and warranties made by the Borrower hereunder. The Borrower covenants and agrees with the Bank that the Borrower will take such actions as are necessary to make such representations and warranties true and correct with respect to such Collateral within 30 days after the date the Borrower was notified by the Bank of the addition of such Collateral to a schedule hereto.

ARTICLE III Representations and Warranties

The Borrower represents and warrants to the Bank that:

SECTION 3.01 *Validity of Patents, Trademarks, and Copyrights.* Each of the Patents, Trademarks and Copyrights are subsisting and have not been adjudged invalid or unenforceable, in whole or part.

SECTION 3.02 *Title and Authority.* The Borrower has rights in and good title to the Collateral shown on the schedules hereto as being owned by it and has full power and authority to grant to the Bank the Security Interest in the Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval which has been obtained.

SECTION 3.03 *Filings.*

(a) Fully executed financing statements containing a description of the Collateral have been filed of record in every governmental, municipal or other office in every jurisdiction located within the United States and its respective territories and possessions necessary to publish notice of and protect the validity of and to establish a valid and perfected security interest in favor of the Bank in respect of the Collateral in which a security interest may be perfected by filing a financing statement in the United States and its political subdivisions, territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions, and no further or subsequent filing, re-filing, recording, re-recording, registration or re-registration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(b) The Borrower shall ensure and warrants that fully executed security

agreements in the form hereof and containing a description of the Collateral shall have been received and recorded within three months after the execution of this Agreement with respect to Patents and Trademarks and within one month after the execution of this Agreement with respect to Copyrights by the United States Patent and Trademark Office and the United States Copyright Office as necessary pursuant to 35 U.S.C. 261, 22 U.S.C. 1060 or 17 U.S.C. 205, as applicable, to protect the validity and first priority of and to perfect a valid first priority security interest in favor of the Bank in respect of the Collateral in which a security interest may be perfected by filing in the United States and its political subdivisions, territories and possessions pursuant to applicable federal law, and no further or subsequent filing, re-filing, recording, re-recording, registration or re-registration is necessary (other than such actions as are necessary to perfect the Bank's first priority security interest with respect to any Collateral acquired after the date hereof).

SECTION 3.04 *Validity of Security Interests.* The Security Interest constitutes (i) a valid and perfected first priority security interest in all the Collateral in which a security interest may be perfected by filing a financing statement in the United States and its political subdivisions, territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions, and (ii) a valid first priority security interest that shall be perfected in all Collateral in which a security interest may be perfected upon the receipt and recording of this Agreement with the United States Patent and Trademark Office and the United States Copyright Office, as applicable, within the three-month period (commencing as of the date hereof) pursuant to 35 U.S.C. 261 or 22 U.S.C. 1060 or the one-month period (commencing as of the date hereof) pursuant to 17 U.S.C. 205.

SECTION 3.05 *Information Regarding Names and Locations.* The Borrower has disclosed in writing to the Bank any trade names used to identify in its business or in the ownership of its properties during the past five years.

SECTION 3.06 *Absence of Other Liens.* The Collateral is owned by the Borrower free and clear of any lien of any nature whatsoever. Other than as contemplated hereby, the Borrower has not filed (i) any financing statement under the Uniform Commercial Code covering any Collateral, (ii) any assignment in which it assigns the Collateral, any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office, (iii) any assignment in which it assigns the Collateral, any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office.

ARTICLE IV Covenants

SECTION 4.01 *Covenants Regarding Patent, Trademark and Copyright Collateral.*

(a) The Borrower (either itself or through its licensees or its sub-licensees) will, for each Trademark material to the conduct of the Borrower's business, (i) continue to use such Trademark on each and every trademark class of goods applicable to its current line of products and/or services as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment or invalidity for nonuse, (ii) maintain the quality of products and services offered under such

Trademark, (iii) display such Trademark with notice of federal registration to the extent required by applicable law and (iv) not knowingly use or knowingly permit the use of such Trademark in violation of any third party rights.

(b) The Borrower (either itself or through licenses) will, for each Patent, not do any act, or omit to do any act, whereby each Patent may become invalidated or dedicated to the public, and shall continue to mark any products covered by a Patent with the relevant patent number as required by the patent laws.

(c) The Borrower (either itself or through licensees) will, for each work covered by a Copyright, continue to publish, reproduce, display, adopt and distribute the work with appropriate copyright notice as required under the copyright laws.

(d) The Borrower shall notify the Bank immediately if it knows or has reason to know that any Patent, Trademark or Copyright to the conduct of its business may become abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding the Borrower's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(e) In no event shall the Borrower, either itself or through any agent, employee, licensee or designee, file an application for any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, unless it promptly informs the Bank, and, upon request of the Bank, executes and delivers any and all agreements, instruments, documents and papers as the Bank may request to evidence the Bank's security interest in such Patent, Trademark or Copyright of the Borrower relating thereto or represented thereby, and the Borrower hereby appoints the Bank its attorney-in-fact to execute and file such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power, being coupled with an interest, is irrevocable until the Liabilities are paid in full.

(f) The Borrower will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each application relating to the Patents, Trademarks and/or Copyrights and to obtain the relevant grant or registration and to maintain each registration of the Patents, Trademarks and Copyrights, including filing of applications for renewal, affidavits of use, affidavits of incontestability and maintenance fees, and to initiate opposition, interference and cancellation proceedings against third parties.

(g) In the event that any Collateral consisting of a Patent, Trademark or Copyright is believed infringed, misappropriated or diluted by a third party, the Borrower promptly shall notify the Bank after it learns thereof and shall promptly sue for infringement, misappropriation, or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as are appropriate under the

circumstances to protect such Collateral.

SECTION 4.02 *Protection of Security.* The Borrower shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Bank in the Collateral and the priority thereof against any Lien.

SECTION 4.03 *Continuing Obligations of the Borrower.* The Borrower shall observe and perform all the conditions and obligations to be observed and performed by it under each License, and under each contract, agreement, interest or obligation relating to the Collateral owned by it and granted hereunder, all in accordance with the terms and conditions thereof, and shall indemnify and hold harmless the Bank from any and all liabilities arising from the failure of the Borrower to observe and perform all the conditions and obligations to be observed and performed by it under each License and under each contract, agreement, interest or obligation relating to the Collateral owned by it. Without limiting the foregoing, the Bank shall have no obligation or liability under any License by reason of or arising out of this Agreement or the granting or the assignment to the Bank of the Security Interest or the receipt by the Bank of any payment related to any License pursuant hereto, nor shall the Bank be required or obligated in any manner to perform or fulfill any of the obligations of the Borrower under or pursuant to any License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any License, or to present or file any claim, or to take any action to collect or enforce any performance of the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

SECTION 4.04 *Use and Disposition of Collateral.* The Borrower shall not make or permit to be made any assignment for security, pledge or hypothecation of the Collateral owned by it, or grant any other security interest in such Collateral. The Borrower shall not make or permit to be made any transfer of the Collateral owned by it, and the Borrower shall remain at all times in possession thereof, other than transfers to the Bank pursuant to the provisions hereof, except that so long as no Event of Default shall have occurred and be continuing, the Borrower may use or license the Collateral owned by it in any lawful manner that is in the ordinary course of its business and is not inconsistent with the provisions of this Agreement and of the Loan Agreement.

SECTION 4.05 *Locations of Collateral; Place of Business.*

(a) The Borrower agrees, at such time or times as the Bank may request, promptly to prepare and deliver to the Bank a duly certified schedule or schedules in form satisfactory to the Bank, showing the identity, amount and location of any and all of the Collateral.

(b) The Borrower agrees not to change, or permit to be changed, the location of its chief executive office or the name or names used to identify it in its business or in the ownership of its properties unless all filings under the Uniform Commercial Code which are required to be made with respect to the Collateral have been made in order to give the Bank a valid and perfected first priority security interest in the Collateral and prior notice thereof has been given to the Bank along with copies of all such filings to be made.

SECTION 4.06 *Future Rights.*

(a) If, before all Liabilities shall have been paid in full and the Bank no longer has a further commitment to lend under the Loan Agreement, the Borrower shall obtain rights to any [material] asset or item which may be considered Collateral, the provisions of Section 2.01 shall automatically apply thereto and the Borrower shall give to the Bank prompt notice thereof in writing.

(b) With respect to any such asset or item which may be considered Collateral as set forth in paragraph (a) above, the Borrower shall follow the procedures set forth in Section 3.03, as applicable, to ensure that the Bank's valid first priority security interest therein is perfected.

SECTION 4.07 *Assignment of Licenses.* The Borrower shall use its best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License to effect the assignment of all of the Borrower's rights, title and interest thereunder to the Bank or its designee.

ARTICLE V Remedies

SECTION 5.01 *Collections.* Upon the occurrence and during the continuance of any Event of Default, the Bank shall have the right, as the true and lawful agent of the Borrower, with power of substitution for the Borrower and in the Borrower's name, the Bank's name or otherwise, for the use and benefit of the Bank (a) upon notice from the Bank, to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of the Borrower on any invoice relating to any of the Collateral; (d) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (e) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to or pertaining to all or any of the Collateral; (f) to license or, to the extent permitted by any applicable law, sublicense, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any Patent, Trademark or Copyright, throughout the world for such term or terms, on such conditions, and in such manner, as the Bank shall determine other than in violation of any then existing licensing arrangements to the extent that waivers or other adequate provision cannot be secured therefor); and (g) generally to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Bank were the absolute owner of the Collateral for all purposes; provided, however, that except as provided for by law or the Uniform Commercial Code as in effect in the State of Illinois or its equivalent in other jurisdictions, nothing herein contained shall be construed as requiring or obligating the Bank to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Bank or to present or file any claim or notice or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken by the Bank or omitted

to be taken with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of the Borrower or to any claim or action against the Bank. It is understood and agreed that the appointment of the Bank as the agent of the Borrower for the purposes set forth above in this Section 5.01 is coupled with an interest and is irrevocable. The provisions of this Section 5.01 shall in no event relieve the Borrower of any of its obligations hereunder or under the Loan Agreement with respect to the Collateral or any part thereof or impose any obligation on the Bank to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Bank of any other or further right which it may have on the date of the Agreement or hereafter, whether hereunder or by law otherwise.

SECTION 5.02 *Other Remedies Upon Default.* Upon the occurrence and during the continuance of an Event of Default, the Borrower expressly agrees that (i) the Security Interest shall become an assignment of the Collateral by the Borrower to the Bank; (ii) the Bank on demand shall have the right at the same or different times, with or without legal process and with or without previous notice or demand for performance, to take possession of all business records, documents, files, prints and labels with respect to the Collateral and without liability for trespass to enter any premises where such business records, documents, files, prints and labels with respect to the Collateral may be located for the purpose of taking possession of or removing such business records, documents, files, prints and labels with respect to the Collateral; and (iii) generally, shall have the right to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other law applicable to any part of the Collateral. Subject to and without limiting the generality of the foregoing, the Borrower agrees that the Bank shall have the immediate right, with or without legal process and with or without previous notice or demand for performance, all of which are hereby expressly waived, subject to the mandatory requirements of current law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Bank shall deem appropriate. The Bank shall be authorized at any such sale if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Bank shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the Borrower, and the Borrower hereby waives to the extent permitted by law) all rights of redemption, stay and appraisal which such Borrower now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Bank shall give the Borrower at least 10 days' written notice which the Borrower agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of Illinois or its equivalent in other jurisdictions) of the Bank's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Bank may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Bank may (in its sole and absolute discretion) determine. The Bank shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Bank may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Bank until the sale price is paid by the purchaser or purchasers thereof, but the Bank shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice to the Borrower. At any public sale made pursuant to this Section 5.02, the Bank may bid for or purchase, free from any right of redemption, stay, valuation or appraisal on the part of the Borrower (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to the Bank from the Borrower as a credit against the purchase price, and the Bank may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Borrower therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Bank shall be free to carry out such sale pursuant to such agreement, and the Borrower shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Bank shall have entered into such an agreement all Events of Default shall have been remedied and the Liabilities paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Bank may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

SECTION 5.03 *Application of Proceeds.* The Bank shall apply the proceeds of any collection or sale of Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred by the Bank in connection with such collection or sale or otherwise in connection with this Agreement or any of the Liabilities, including, but not limited to, all court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made hereunder by the Bank on behalf of the Borrower and any other reasonable costs or expenses incurred in connection with the exercise of any right or remedy hereunder.


SECOND, to the payment in full of the Liabilities; and

THIRD, to the Borrower, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Bank shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Bank (including, without limitation, a sale pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Bank or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Bank or such officer or be answerable in any way for the misapplication thereof.

SECTION 5.04 *Grant of License to Use Patent, Trademark and Copyright Collateral.* For the purpose of enabling the Bank to exercise rights and remedies under this Article V at such time as the Bank shall be lawfully entitled to exercise such rights and remedies, the Borrower hereby grants to the Bank an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Borrower) to use, license or sublicense any Patent, Trademark or Copyright, now owned or hereafter acquired by the Borrower, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Bank shall be exercised, at the option of the Bank, upon the occurrence and the continuation of an Event of Default. With respect to any Trademark licensed to the Bank under this Section 5.04, the Bank agrees to maintain, and to cause any licensee or sub-licensee to maintain, the quality of products and services offered under such Trademark. The Bank agrees to apply the net proceeds received from any license towards payment of the Liabilities.

ARTICLE VI Miscellaneous



~~SECTION 6.01 *The Bank Appointed Attorney in Fact.* Except as otherwise provided herein, the Borrower hereby appoints the Bank the attorney in fact of the Borrower for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument which the Bank may deem necessary or advisable to accomplish the purposes hereof after the occurrence and the continuation of an Event of Default, which appointment is in each case irrevocable and coupled with an interest.~~

SECTION 6.02 *The Bank's Fees and Expenses.* The Borrower agrees to pay upon demand to the Bank the amount of any and all reasonable expenses, including the reasonable expenses of its counsel and of any experts or agents, which the Bank may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Bank hereunder or (iv) the failure by the Borrower to perform or observe any of the provisions hereof. Any such amounts payable as provided

hereunder or thereunder shall be additional Liabilities secured hereby.

SECTION 6.03 *Notices.* Notices and other communications provided for herein shall be in writing and shall be delivered by regular prepaid U.S. Mail, as follows:

(a) if to Borrower: Affy Tapple, L.L.C.
 Attn: Stuart Sorkin
 7110 N. Clark St.
 Chicago, IL 60626

(b) if to Bank: GreatBank
 Attn: Commercial Loan Department
 234 S. Randall Road
 Algonquin, Illinois, 60102

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of deposit in the United States mail (properly addressed) to such party as provided in this Section 6.03 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 6.03.

SECTION 6.04 *Successors and Assigns.*

(a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower or the Bank that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) The Borrower shall not assign or delegate any of its rights and duties hereunder.

(c) The covenants, promises and agreements by the Borrower shall inure to the benefit of each assignee of any Bank permitted under the Loan Agreement.

SECTION 6.05 *Applicable Law.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO CHOICE OF LAW PRINCIPLES.

SECTION 6.06 *Waivers; Amendment.*

(a) No failure or delay of the Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other right or power. The rights and remedies of the Bank hereunder are cumulative and exclusive of any rights or remedies which it would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the

purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Bank.

SECTION 6.07 *Entire Agreement.* This Agreement constitutes the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto or thereto any rights remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 6.08 *Survival of Agreement.* All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Bank and shall survive the making by the Bank of the financial accommodations referred to in the Loan Agreement, regardless of any investigation made by the Bank or on its behalf, and shall continue in full force and effect as long as any of the Liabilities is outstanding and unpaid.

SECTION 6.09 *Termination.* This Agreement and the Security Interest shall terminate when (i) all the Liabilities have been paid in full and (ii) the Bank has no further commitment to lend under the Loan Agreement, at which time the Bank shall execute and deliver to the Borrower, at the Borrower's expense, all Uniform Commercial Code termination statements and similar documents which the Borrower shall reasonably request to evidence such termination and the release of the Collateral hereunder.

SECTION 6.10 *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

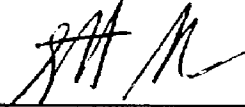
SECTION 6.11 *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract.

SECTION 6.12 *Headings.* Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

DEBTOR

AFFY TAPPLE, L.L.C.



By: Stuart Sorkin
Its: Managing Member

SECURED PARTY

GREATBANK



By: Barry A. Kreczmer
Its: Senior Vice President

Schedule I
to Patent, Copyright and Trademark Security Agreement

Patents and Patent Applications

<i>Serial No. or Patent No.</i>	<i>Inventor</i>	<i>Country</i>	<i>Issue or File Date</i>	<i>Title</i>
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None.

Schedule II
to Patent, Copyright and
Trademark Security Agreement

Trademark and Trademark Applications

Serial No. or Registration No.	Country	Issue or File Date	Title
0540044	U.S.A.	12/23/1949	AFFY TAPPLE
2330715	U.S.A.	12/19/1997	MRS. PRINDABLE'S
2262406	U.S.A.	12/16/1997	MRS. PRINDABLE'S
75752562	U.S.A.	12/16/1999	FROSTY BANANAS
75752563	U.S.A.	12/16/1999	CLARK STREET CONFECTIONERY
2320164	U.S.A.	12/16/1997	AMERICAN CARAMEL COMPANY
2308053	U.S.A.	12/16/1997	AMERICAN CARAMEL COMPANY

Schedule III
to Patent, Copyright and
Trademark Security Agreement
Copyright and Copyright Applications

<i>Serial No. or Registration No.</i>	<i>Country</i>	<i>Issue or File Date</i>	<i>Title</i>
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None

LICENSES

None