

03-22-2001

FORM PTO-1584 (Rev. 6-93) 3-22-01 OMB No. 0651-0011 (exp. 4/94)

RECC



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U.S. DEPARTMENT OF COMMERCE Patent and Trademark Office

Tab settings

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

1. Name of conveying party(ies):

State Service Systems, Inc.

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

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment, Merger, Security Agreement, Change of Name, Other

Execution Date: March 14, 2001

2. Name and address of receiving party(ies)

Name: Firststar Bank, N.A., as Agent

Internal Address: Mail Code: SL-TW-LMP

Street Address: One Firststar Plaza, 12th Floor

City: St. Louis State: MO ZIP: 63101

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

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

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

None

B. Trademark Registration No.(s)

See Schedule A

Additional numbers attached? Yes No

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

Name:

Internal Address:

RETURN TO: FEDERAL RESEARCH CORP. 400 SEVENTH STREET NW SUITE 101 WASHINGTON DC 20004

Street Address:

WASHINGTON DC 20004

City: State: ZIP:

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 3.41):

\$25

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

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.

Gregory T. Pealer

Name of Person Signing

Signature

Signature

3/15/01

Date

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

Mail documents to be recorded with required cover sheet information to:

REEL: 002255 FRAME: 0249

## TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

This TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (this "Agreement") is entered into as of March 14, 2001, by and between State Service Systems, Inc., an Oklahoma corporation formerly known as State Supply Warehouse Company and sometimes d/b/a State Beauty Supply ("Assignor"), and Firststar Bank, N.A. ("Firststar"), as collateral agent hereunder, and under the Controlling Loan Document hereinafter identified and defined, for the Secured Creditors hereinafter identified and defined (Firststar Bank, N.A. in such capacity and each successor to it in such capacity hereinafter referred to as "Assignee").

### RECITALS

A. Beauty Alliance, Inc., a Nevada corporation ("*Beauty*"), certain affiliates of Beauty (Beauty and such affiliates being hereinafter referred to separately and collectively, as "*Borrower*"), Firststar, individually and as agent for the Lenders hereinafter identified and defined (Firststar in such capacity and any successor or successors to Firststar in such capacity being hereinafter referred to as the "*Administrative Agent*") and the other Lenders party thereto, have entered into that certain Credit Facilities Agreement dated as of even date herewith (such Credit Facilities Agreement as the same may be amended, modified, restated, and/or replaced from time to time being hereinafter referred to as the "*Bank Loan Agreement*"), pursuant to which Firststar and such other banks and financial institutions from time to time party to the Bank Loan Agreement (Firststar, in its individual capacity, and such other banks and financial institutions being hereinafter referred to collectively as the "*Lenders*" and individually as a "*Lender*") have agreed, subject to certain terms and conditions, to extend credit and make certain other financial accommodations available to Borrower.

B. Borrower and any one or more of its Subsidiaries may from time to time enter into one or more agreements, devices or arrangements (including all schedules, amendments and supplements thereto and all documents and confirming evidence now or hereafter exchanged between the counterparties confirming the transactions governed by such agreements, devices or arrangements) with any one or more of the Lenders or their affiliates designed to protect Borrower or any of its Subsidiaries from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts, warrants and those commonly known as interest rate "swap" agreements (any and all indebtedness, obligations and liabilities of Borrower and such Subsidiaries, and any of them individually, in respect of each such agreement, device and arrangement with each and any Lender and its affiliates being hereinafter referred to as the "*Hedging Liability*").

C. Borrower and any one or more of its Subsidiaries may from time to time incur liability to any one or more of the Lenders or their affiliates arising out of the processing of incoming and outgoing transfers of funds by automatic clearing house transfer, wire transfer, or otherwise pursuant to agreement or overdraft and related cash management service afforded to Borrower or any of its Subsidiaries by any such financial institution (any and all indebtedness,

obligations and liabilities of Borrower and such Subsidiaries, and any of them individually, in respect of such arrangements with each and any Lender and its affiliates being hereinafter referred to as the "ACH/EFT Liability").

D. Within the next two calendar months, Borrower may enter into with certain parties (collectively, the "Noteholders") one or more Note Purchase Agreements (such Note Purchase Agreements, as the same may from time to time be modified, amended or restated, being hereinafter referred to collectively as the "Note Purchase Agreement") (the Bank Loan Agreement and, if in existence, Note Purchase Agreement being hereinafter referred to collectively as the "Principal Loan Documents") pursuant to which Borrower will from time to time issue and sell to the Noteholders promissory notes of Borrower up to \$24,000,000 in aggregate principal amount (such promissory notes and any and all notes issued in substitution or replacement therefor or in extension or renewal thereof, as any of the foregoing may from time to time be modified, amended or restated, being hereinafter referred to as the "Senior Notes") (the indebtedness evidenced by the Senior Notes and the other obligations under the Note Purchase Agreement being hereinafter referred to collectively as "Note Obligations").

E. Assignee, Administrative Agent, Lenders and Noteholders may enter into an Intercreditor and Collateral Agency Agreement substantially concurrent with Borrower's execution and delivery of the Note Purchase Agreement setting forth certain of their agreements with regard to the aforementioned extensions of credit and other financial accommodations to Borrower (such Intercreditor and Collateral Agency Agreement, as the same may be amended, modified or restated from time to time, being hereinafter referred to as the "Intercreditor Agreement") (Assignee, Administrative Agent, Lenders, Noteholders and any other parties to which any Loan Obligations, Hedging Liability, ACH/EFT Liability or Note Obligations is owed being hereinafter referred to collectively as the "Secured Creditors" and individually as a "Secured Creditor").

F. As a condition to extending credit to Borrower under the Loan Documents, the Secured Creditors party thereto have required, among other things, that Assignor grant to the Collateral Agent for the benefit of the Secured Creditors a lien on and security interest in the personal property of such Assignor described herein subject to the terms and conditions hereof.

G. Assignor will benefit, directly or indirectly, from credit and other financial accommodations extended by the Secured Creditors to Borrower.

#### AGREEMENT

In consideration of the mutual agreements below and other sufficient consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

#### SECTION 1. GENERAL.

Unless the context of this Agreement clearly requires otherwise, (i) references to the plural include the singular and vice versa, (ii) references to any Person include such Person's

successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, (iii) references to one gender include all genders, (iv) "including" is not limiting, (v) "or" has the inclusive meaning represented by the phrase "and/or," (vi) the words "hereof," "herein," "hereby," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole, including its Exhibits, and not to any particular provision of this Agreement, (vii) the word "Section" or "section" and "Page" or "page" refer to a section or page, respectively, of this Agreement unless it expressly refers to something else, (viii) reference to any agreement, document, or instrument, including this Agreement, any other Loan Document and any agreement, document or instrument defined herein, means such agreement, document, or instrument as it may have been or may be amended, restated, extended, renewed, replaced, or otherwise modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof, and includes all attachments thereto and instruments incorporated therein, if any, and (ix) general and specific references to any law means such law as amended, modified, codified or reenacted in whole or in part, and in effect from time to time. Section captions are for convenience only and do not affect the interpretation or construction of this Agreement.

## SECTION 2. DEFINED TERMS.

Capitalized terms not otherwise defined herein shall have the same meanings herein as such terms have in the Controlling Loan Document. The "*Controlling Loan Document*" shall mean (i) the Bank Loan Agreement, until the Intercreditor Agreement has been entered into, and (ii) thereafter, the Intercreditor Agreement. If a capitalized term is not otherwise defined herein or in the Controlling Loan Document, such term shall have the meanings given them in the UCC.

## SECTION 3. COLLATERAL ASSIGNMENT OF TRADEMARK COLLATERAL.

As security for the full and prompt payment and performance of all of the Loan Obligations, Hedging Liability, ACH/EFT Liability and Note Obligations (collectively, the "*Secured Obligations*"), Assignor hereby grants, bargains, sells, transfers, conveys, assigns, mortgages and pledges to the Assignee a Security Interest in, and acknowledges and agrees that the Assignee has and shall continue to have, for the ratable benefit of the Secured Creditors, a continuing Security Interest in, any and all right, title and interest of the Assignor, whether now existing or hereafter acquired or arising, in and to the Trademark Collateral. As used herein, "Trademark Collateral" means:

(i) *Trademarks*. Trademarks and Trademark registrations, whether now owned or hereafter adopted or acquired, or in which Assignor now has or hereafter acquires any rights (the term "*Trademarks*" means and includes (i) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof (except that Assignor is

not obligated to register Trademark Collateral in any other country than the United States) and (ii) all reissues, extensions or renewals thereof), including, without limitation, each Trademark registration listed on Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark registration and all customer lists and other records of Assignor relating to the distribution of products bearing, or rendition of services otherwise relating to, a Trademark;

(ii) *Trademark Licenses.* Trademark Licenses, whether now owned or hereafter acquired, or in which Assignor now has or hereafter acquires any rights (the term "*Trademark Licenses*" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including, without limitation, the agreements described in Schedule A hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of the Assignor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

(iii) *General Intangibles and Records and Cabinets.* General intangibles relating to any of the above-described property and supporting evidence and documents relating to any of the above-described property, including, without limitation, written applications, correspondence, delivery receipts and notes, together with all books of account, ledgers and cabinets in which the same are reflected or maintained, all whether now existing or hereafter arising;

(iv) *Accessions and Additions.* All accessions and additions to, and substitutions and replacements of, any and all of the foregoing, whether now existing or hereafter arising; and

(v) *Proceeds and Products.* All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including, without limitation, (i) any claim by the Assignor against third parties for damages by reason of past, present or future infringement or dilution of any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the use of, or symbolized by, any Trademark or Trademark registration or of any Trademark licensed under any Trademark License, and (ii) any claim by the Assignor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (i) and (ii).

#### SECTION 4. REPRESENTATIONS AND WARRANTIES.

Assignor represents and warrants as follows:

*Section 4.1.* Schedule A contains a complete and accurate list of all trademarks, trade names, service marks, trademark and service mark registrations, and applications for trademark or service mark registrations owned by Assignor.

*Section 4.2.* Assignor is the sole and exclusive owner of the Trademark Collateral, free and clear of any Security Interests, charges, claims of infringement upon the rights of third parties and Encumbrances, except as otherwise disclosed in Schedule A.

*Section 4.3.* Assignor has not granted any license, release, covenant not to sue, or non-assertion assurance to any Person with respect to any part of the Trademark Collateral, except as contemplated in the Principal Loan Documents or as otherwise disclosed in Schedule A.

*Section 4.4.* The Trademark Collateral is subsisting and has not been adjudged invalid or unenforceable, and, to Assignor's knowledge, each item comprising the Trademark Collateral is valid and enforceable in the United States.

*Section 4.5.* Assignor is duly authorized to execute and deliver this Agreement to Assignee, and this Agreement constitutes the legal, valid and binding obligation of Assignor, enforceable against Assignor in accordance with its terms.

#### SECTION 5. FURTHER ASSURANCES.

*Section 5.1.* Assignor agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary in order (i) to continue, perfect, amend or protect the assignment and the Security Interest granted hereby or (ii) to enable Assignee to exercise and enforce its rights and remedies hereunder with respect to any part of the Trademark Collateral. Without limiting the generality of the foregoing, Assignor will execute and file such financing or continuation statements, amendments hereto, and such other instruments or notices as may be necessary or desirable, or as Assignee may reasonably request, in order to perfect and preserve the assignment and Security Interest granted hereby.

*Section 5.2.* Assignor hereby authorizes Assignee to file one or more financing or continuation statements, and amendments thereto (and hereto as to Schedule A), relative to all or any part of the Trademark Collateral, or subsequent additions thereto, without the signature of Assignor where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Trademark Collateral or any part thereof is sufficient as a financing statement where permitted by law.

*Section 5.3.* Assignor agrees that, should it obtain an ownership interest in any trademark, service mark, trade name, trademark or service mark registration, or application for trademark or service mark registration which is not now identified in Schedule A, (i) Assignor will give prompt written notice thereof to Assignee, (ii) the provisions of Section 3 will automatically apply to any such mark, registration, or application, and (iii) any such mark,

registration, or application, together with the good will of the business connected with the use of the mark and symbolized by it, will automatically become part of the Trademark Collateral.

*Section 5.4.* With respect to any Trademark Collateral necessary to the conduct of Assignor's business, Assignor agrees to take all necessary steps in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, or in any court, to maintain each registered trademark, service mark, and trademark or service mark registration, and to pursue each application for trademark or service mark registration now or hereafter included in the Trademark Collateral, including the filing of applications for renewal, the payment of maintenance fees, and participation in opposition, interference and infringement proceedings. To the extent necessary or desirable to the conduct of its business, Assignor agrees to take corresponding steps with respect to each new or other registered trademark, service mark, trademark or service mark registration to which Assignor is now or later becomes entitled. Assignor will be relieved of the obligations of this Section 5.4 upon the prior written consent of Assignee, which consent will not be unreasonably withheld.

*Section 5.5.* If Assignor becomes aware that any item of the Trademark Collateral is infringed or misappropriated by a third party, Assignor will promptly notify Assignee and will promptly sue for infringement or misappropriation and for recovery of all damages caused by such infringement or misappropriation, or, with the prior written consent of Assignee, which consent will not be unreasonably withheld, will take such other actions as Assignor deems appropriate under the circumstances to protect such Trademark Collateral.

*Section 5.6.* Assignor will continue to use reasonable and proper statutory notice in connection with its use of each registered trademark or service mark.

## SECTION 6. TRANSFERS AND OTHER SECURITY INTERESTS.

Assignor will not: (i) sell, assign (by operation of law or otherwise), grant a license in or with respect to, or otherwise dispose of any of the Trademark Collateral, except as permitted by the Principal Loan Documents, (ii) create or suffer to exist any Security Interest or other charge or Encumbrance upon or with respect to any of the Trademark Collateral except as otherwise disclosed in Schedule A, or as otherwise permitted by the Principal Loan Documents, or (iii) take any other action in connection with any of the Trademark Collateral that would impair the value of the interests or rights of Assignor thereunder.

## SECTION 7. ASSIGNEE APPOINTED ATTORNEY-IN-FACT.

Assignor hereby irrevocably appoints Assignee as Assignor's attorney-in-fact, with full authority in Assignor's place, stead and on behalf of Assignor and in Assignor's names or otherwise, from time to time in Assignee's reasonable discretion, to take any action and to execute any instrument that Assignee deems reasonably necessary to accomplish the purposes of this Agreement, including for so long as there is an Existing Default: (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Trademark Collateral, (ii) to receive, endorse, and

collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) above, and (iii) to file any claims, take any action, or institute any proceedings that Assignee may deem necessary for the collection of any of the Trademark Collateral or otherwise to enforce the rights of Assignee with respect to any of the Trademark Collateral.

SECTION 8. ASSIGNEE MAY PERFORM.

If Assignor fails to perform any of the obligations contained herein, Assignee may perform, or cause performance of, such obligations, and the expenses of Assignee incurred in connection therewith will be payable by Assignor pursuant to the terms of this Agreement.

SECTION 9. ASSIGNEE'S DUTIES.

The powers conferred on Assignee hereunder are solely to protect its interest in the Trademark Collateral and do not impose any duty upon Assignee to exercise any such powers or to pay any royalties or related charges with respect to the Trademark Collateral. Except for the accounting for moneys actually received by it hereunder, Assignee has no duty as to any Trademark Collateral, or as to the taking of any steps to preserve rights against other parties or any other parties pertaining or any other rights to any Trademark Collateral.

SECTION 10. REMEDIES.

For so long as there is an Existing Default, in addition to all other rights and remedies of Assignee under the Loan Documents, at law or in equity:

*Section 10.1.* Assignee may exercise in respect of the Trademark Collateral, in addition to other rights and remedies provided for herein or otherwise available to Assignee or the Secured Creditors, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Trademark Collateral) and also may: (i) as provided in Section 7, exercise any and all rights and remedies of Assignor under or otherwise in respect of the Trademark Collateral, (ii) require Assignor to, and Assignor hereby agrees that it will at its expense and upon request of Assignee, assemble all or any part of the documents embodying the Trademark Collateral as directed by Assignee and make them available to Assignee at a place to be designated by Assignee which is reasonably convenient to both Assignee and Assignor, (iii) license, sell or otherwise dispose of the Trademark Collateral or any part thereof, in one or more lots, at public or private sale, at any of Assignee's offices or elsewhere, for cash, credit or other consideration, and upon such other terms as are commercially reasonable. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, the good will of the business connected with and symbolized by any Trademark Collateral subject to such disposition will be included, and Assignor will supply to Assignee or its designee Assignor's know-how and expertise relating to the provision of services associated with any Trademark Collateral subject to such disposition, and Assignor's customer lists and other records relating to such Trademark Collateral, and to the distribution of such services. To the extent notice to Assignor of the time and place of any public sale or the time after which any private sale is to be made is required to be reasonable, ten (10) Business Days constitutes reasonable notice.



Assignee will not be obligated to make any sale of any Trademark Collateral regardless of notice of sale having been given. Assignee may adjourn any public or private sale therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Assignee may bid and become a purchaser at any such sale, if public, and upon any such sale Assignee may collect, receive, and hold and apply, as provided herein, the proceeds thereof to the payment of the Secured Obligations, and assign and deliver some or all of the Trademark Collateral to the purchaser at any such sale. The proceeds from any such sale will be applied in accordance with the terms of the Controlling Loan Document.

*Section 10.2.* All payments received by Assignor under or in connection with any of the Trademark Collateral will be received in trust for the benefit of the Secured Creditors, will be segregated from other funds of Assignor, and will be immediately paid over to Assignee in the same form as so received (with any necessary endorsement).

#### SECTION 11. RELEASES.

In the event all of the Secured Obligations have been fully and irrevocably paid, all of the Commitments have been canceled or terminated, each of Letters of Credit have expired, and Assignee has no other commitment to extend credit or make advances to or for the account of Borrower, and Assignee has received a written request from Assignor in connection therewith to execute and deliver all applicable releases, deeds, assignments, and other instruments as may be necessary or proper, to re-vest in Assignor full title to the Trademark Collateral (collectively, the "Releases"), Assignee will, at Assignor's sole cost and expense (and Assignor will promptly reimburse Assignee for any fees and expenses, including legal fees and expenses, incurred in connection with the preparation, review, filing or recording of any such Releases) execute and deliver such Releases to the Person and address designated by Assignor in its notice within a commercially reasonable time after Assignee's receipt of such notice.

#### SECTION 12. SURVIVAL OF PROVISIONS.

All representations, warranties, and covenants of Assignor contained herein survive the execution and delivery of this Agreement, and terminate only upon the full and irrevocable payment of all of the Secured Obligations, cancellation or termination of all of the Commitments, expiration of all of the Letters of Credit, and when Assignee has no other commitment to extend credit or make advances to or for the account of Borrower.

#### SECTION 13. MISCELLANEOUS.

*Section 13.1. Notices.* All notices, consents, requests and demands to or upon the respective parties hereto shall be in writing, and shall be deemed to have been given or made when delivered in person to those parties hereto listed on the signature pages hereof or two Business Days after being deposited in the United States mail, postage prepaid, or, in the case of overnight courier services, one Business Day after delivery to the overnight courier service, or in the case of telex or telecopy notice, when sent, verification received, in each case addressed as set forth on the signature pages hereof, or such other address as either party may designate by

notice to the other in accordance with the terms of this Section. No notice given to or demand made on Assignor by Assignee or the Secured Creditors in any instance entitles Assignor or Borrower to notice or demand in any other instance.

*Section 13.2. Amendments and Waivers.* No amendment to, waiver of, or departure from full compliance with any provision of this Agreement, or consent to any departure by Assignor herefrom, will be effective unless it is in writing and signed by authorized officers of Assignor and Assignee; *provided, however*, that any such waiver or consent will be effective only in the specific instance and for the purpose for which given. No failure by Assignee or any Secured Creditors to exercise, and no delay by Assignee or any Secured Creditors in exercising, any right, remedy, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise by Assignee or such Secured Creditors of any right, remedy, power or privilege hereunder preclude any other exercise thereof, or the exercise of any other right, remedy, power or privilege.

*Section 13.3. Rights Cumulative.* Each of the rights and remedies of Assignee and the Secured Creditors under this Agreement is in addition to all of their other rights and remedies under applicable law, and nothing in this Agreement may be construed as limiting any such rights or remedies.

*Section 13.4. Successors and Assigns.* This Agreement binds Assignor and its successors and assigns and inures to the benefit of Assignee, and the Secured Creditors, and Assignees and each of the Secured Creditor's successors, transferees, participants and assigns. Assignor may not delegate or transfer any of its obligations under this Agreement without the prior written consent of Assignee. With respect to Assignor's successors and assigns, such successors and assigns include any receiver, trustee or debtor-in-possession of or for Assignor.

*Section 13.5. Severability.* Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction is, as to such jurisdiction, ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction unless the ineffectiveness of such provision would result in such a material change as to cause completion of the transactions contemplated hereby to be unreasonable.

*Section 13.6. Governing Law; No Third Party Rights.* This Agreement is to be governed by and construed and interpreted in accordance with the internal laws of the State of Illinois applicable to contracts made and to be performed wholly within such state, without regard to choice or conflicts of law principles. This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person has any right, benefit, priority or interest under, or because of the existence of, this Agreement.

*Section 13.7. Counterparts.* This Agreement may be executed by the parties hereto on any number of separate counterparts, and all such counterparts taken together constitute one and the same instrument. It is not necessary in making proof of this Agreement to produce or account for more than one counterpart signed by the party to be charged.

*Section 13.8. Counterpart Facsimile Execution.* For purposes of this Agreement, a document (or signature page thereto) signed and transmitted by facsimile machine or telecopier is to be treated as an original document. The signature of any Person thereon, for purposes hereof, is to be considered as an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. At the request of any party hereto, any facsimile or telecopy document is to be re-executed in original form by the Persons who executed the facsimile or telecopy document. No party hereto may raise the use of a facsimile machine or telecopier or the fact that any signature was transmitted through the use of a facsimile or telecopier machine as a defense to the enforcement of this Agreement or any amendment or other document executed in compliance with this Section.

*Section 13.9. Reinstatement.* This Agreement and any and all assignments and Security Interests created or evidenced hereby will continue to be effective or be reinstated, as the case may be, as though such payments had not been made, if at any time any amount received by Assignee in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Assignee, including upon insolvency, bankruptcy, dissolution, liquidation or reorganization of Assignor or upon the appointment of any intervenor or conservator of, or trustee or similar official for, Assignor, any substantial part of its assets, or otherwise.

[Remainder of Page Intentionally Left Blank]

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

STATE SERVICE SYSTEMS, INC.

By: 

Print Name: Alan D. Kerschner

Title: Vice-President and Treasurer

Address:

c/o Beauty Alliance, Inc.

1901 Ulmerton Road, Suite 225

Clearwater, Florida 33762

Attn: Alan D. Kerschner

Fax No.: (727) 561-0723

Acknowledged and agreed as of the date first above written.

FIRSTAR BANK, N.A., as Collateral Agent  
for the Secured Creditors

By: Karen D. Myers  
Print Name: Karen D. Myers  
Title: SRP

Address:  
One Firststar Plaza, 12<sup>th</sup> Floor  
Mail Code: SL-TW-12MP  
St. Louis, Missouri 63101  
Attention: Leveraged Finance Group  
Fax: (314) 418-1963

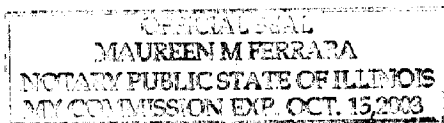
STATE OF ILLINOIS     )  
                                  ) SS.  
CITY OF CHICAGO     )

On this 14th day of March, 2001, before me personally appeared Alan D. Kerschner, to me personally known, who, being by me duly sworn, did say that he/she is the Vice-President and Treasurer of State Service Systems, Inc., an Oklahoma corporation, and that said instrument was signed in behalf of said corporation, by authority of its board of directors; and said Vice-President and Treasurer acknowledged said instrument to be the free act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand in the City and State aforesaid, the day and year first above written.

Maureen M. Ferrara  
Notary Public

My Commission expires: 10-15-03



STATE OF Missouri )  
 ) SS.  
CITY OF St. Louis )

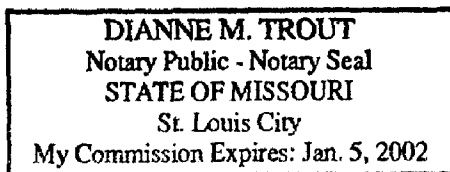
On this 14th day of March, 2001, before me personally appeared Karen D. Myers, to me personally known, who, being by me duly sworn, did say that he/she is a Sr. Vice President of Firststar Bank, N.A., a national banking association, and that said instrument was signed in behalf of said association by authority of its Board of Directors; and said Sr. Vice President acknowledged said instrument to be the free act and deed of said association.

IN TESTIMONY WHEREOF, I have hereunto set my hand in the City and State aforesaid, the day and year first above written.

Dianne M. Trout  
Notary Public  
Dianne M. Trout

My Commission expires:

Jan 5, 2002



## SCHEDULE A

### ISSUED TRADEMARK REGISTRATIONS

MARK	REG. NO.	REGISTRATION DATE	COUNTRY
STATE BEAUTY SUPPLY & Design	1,787,170	8/10/93	USA
DISCOVER...& Design	1,414,523	10/21/86	USA

### TRADEMARK LICENSES

Licenses granted by Assignor to its subdistributors the right to use the trademark "State Beauty Supply".

Inventory of Assignor as a well as the other subsidiaries of Beauty may be (and likely is) subject to licensing, patent, trademark, tradename or copyright agreements with Matrix Essentials, Inc., Redken Laboratories, Inc. and/or any other manufacturer.