

TM

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04-06-2001

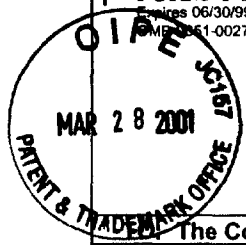


03-28-2001



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U.S. Patent & TMO/TM Mail Rpt. Dt. #31



3/29/01

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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 Change of Name
 - Other Amended Security Agreement
- Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name LifeWorks, L.L.C.

Execution Date
Month Day Year
03/19/01

Formerly _____

- Individual General Partnership Limited Partnership Corporation Association
- Other limited liability company
- Citizenship/State of Incorporation/Organization Illinois

Receiving Party

Mark if additional names of receiving parties attached

Name CapEx, L.P., individually and as agent for CapSource Fund, L.P., Campfire Family, LLC and Capital Across America, L.P.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 518 17th Street

Address (line 2) 17th Floor

Address (line 3) Denver Colorado 80202

- Individual General Partnership Limited Partnership Corporation Association
- Other _____
- Citizenship/State of Incorporation/Organization Delaware

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.)

04/06/2001 TDIAZI 00000001 75851314
01 FC:481 40.00 OP
02 FC:482 25.00 OP

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

TRADEMARK
REEL: 002265 FRAME: 0376

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="75851314"/>	<input type="text"/>	<input type="text"/>
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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.

Fara Shimek Karam

Name of Person Signing

Fara S. Karam

Signature

March 20, 2001

Date Signed

**SECOND AMENDMENT
TO SECURITY AGREEMENT,
TRADEMARK SECURITY AGREEMENT
AND COLLATERAL ASSIGNMENT
OF CONTRACTS, AGREEMENTS,
LICENSES, PERMITS AND OTHER RIGHTS**

This Second Amendment (this "Amendment") to Security Agreement (as hereafter defined), Trademark Security Agreement (as hereafter defined) and Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights (as hereafter defined) is made as of March 19, 2001 by and between LifeWorks, L.L.C., an Illinois limited liability company with an office at 5942 N. Northwest Highway, Chicago, Illinois 60631 (the "Company"), CapEx, L.P., a Delaware limited partnership with an office at 518 17th Street, Denver, Colorado 80202 ("CapEx"), CapSource Fund, L.P., a Mississippi limited partnership with an office at 800 Woodlands Parkway, Suite 102, Ridgeland, Mississippi 39157 ("CapSource"), Capital Across America, L.P., a Delaware limited partnership with an office at 501 Union Street, Suite 201, Nashville, Tennessee 37219 ("CXA") and Campfire Family, LLC, a Connecticut limited liability company, with an address at Pequot Capital Management, Inc., 500 Nyala Farms Road, Westport, Connecticut 06880 ("CF" and collectively with CapEx, CapSource, CXA, the "Purchasers" or "Purchaser").

RECITALS

A. The Company and CapEx entered into a Securities Purchase Agreement dated as of August 10, 2000 (the "CapEx Purchase Agreement"), pursuant to which CapEx committed to loan up to \$2,000,000 (the "Original CapEx Loan") to the Company upon certain conditions contained in the CapEx Purchase Agreement and CapEx received a convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to the CapEx Purchase Agreement, the "Original CapEx Note") and a warrant to purchase 800,000 Class A Units in the Company (the "Original CapEx Warrant"). In connection with the Original CapEx Loan, the Company and CapEx entered into a Security Agreement dated as of August 10, 2000 (the "Original Security Agreement"), a Trademark Security Agreement dated as of August 10, 2000 (the "Original Trademark Agreement") and a Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights dated as of August 10, 2000 (the "Original Collateral Assignment").

B. The Company and CapSource entered into a CapSource Purchase Agreement dated as of November 29, 2000 (the "CapSource Purchase Agreement"), pursuant to which CapSource loaned \$500,000 (the "Original CapSource Loan") to the Company upon certain conditions contained in the CapSource Purchase Agreement and CapSource received a

convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to the CapSource Purchase Agreement, the "CapSource Note") and a warrant to purchase 143,503 (as adjusted) Class A Units in the Company. In connection with the Original CapSource Loan, the Company, CapEx and CapSource entered into a First Amendment to Security, Trademark Security Agreement and Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights dated as of November 29, 2000 (the "First Amendment to Collateral Documents"). The Original Security Agreement as amended by the First Amendment to Collateral Documents is referred to as the "Security Agreement"; the Original Trademark Agreement as amended by the First Amendment to Collateral Documents is referred to as the "Trademark Security Agreement"; and the Original Collateral Assignment as amended by the First Amendment to Collateral Documents is referred to as the "Collateral Assignment."

C. The Company wishes to borrow, and the Purchasers have collectively agreed to lend, an aggregate of \$2,175,000 upon the terms and conditions of a Securities Purchase Agreement dated of even date herewith, by and among the Company and the Purchasers, and pursuant to which: (i) CapEx will loan an additional \$300,000 to the Company ("Second CapEx Loan") and CapEx will receive a convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to the CapEx Purchase Agreement, the "Second CapEx Note"), an amended and restated warrant to purchase 800,000 Class A Units of the Company in exchange for the Original CapEx Warrant and a warrant to purchase 86,065 Class A Units of the Company; (ii) CapSource will loan an additional \$625,000 to the Company ("Second CapSource Loan") and CapSource will receive an amended and restated convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to this Agreement, the "CapSource Replacement Note") and an amended and restated warrant to purchase 322,804 Class A Units of the Company in exchange for the Original CapSource Warrant; (iii) CXA will loan \$625,000 to the Company and CXA will receive a convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to this Agreement, the "CXA Note") and a warrant to purchase 179,301 Class A Units of the Company; and (iv) CF will loan \$625,000 to the Company and CF will receive a convertible promissory note (together with any instruments evidencing any extensions, renewals, or replacements thereof and any other notes that may be issued pursuant to this Agreement, the "Campfire Note") and a warrant to purchase 179,301 Class A Units of the Company.

D. The parties hereto wish to amend the Security Agreement, Trademark Security Agreement and the Collateral Assignment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Security Agreement, the Trademark Security Agreement and the Collateral Assignment are hereby amended as follows:

1. **Collateral Documents.** The Security Agreement, the Trademark Security Agreement and the Collateral Assignment (collectively the "Collateral Documents") are each amended as follows:

a. The references to and definition of “Note” (including but not limited to those in Section 3 of the Security Agreement), are amended to mean the Original CapEx Note, the Second CapEx Note, the CapSource Replacement Note, the CXA Note and the CF Note, together with any instruments evidencing any extensions, renewals or replacements thereof and any other notes that may be issued pursuant to the Purchase Agreement, as may be amended from time to time.

b. The references to and definition of “Purchaser” are amended to mean CapEx, CapSource, CXA and/or CF, as the context requires.

c. The references to and definition of “Secured Party” are amended to mean CapEx, CapSource, CXA and/or CF, as the context requires.

d. The references to “Transaction Documents” are amended to mean Transaction Documents as defined in the Purchase Agreement.

e. References to specific sections of the CapEx Purchase Agreement refer to the corresponding sections of the Purchase Agreement.

f. A Purchaser's “Pro Rata” right to payment is determined with respect to each Purchaser by dividing (a) the total principal amount outstanding under such Purchaser's Note plus all accrued but unpaid interest under such Purchaser's Note (which outstanding principal amount and accrued unpaid interest shall not include any amount of such Note which has been converted pursuant to the applicable Purchase Agreement), by (b) the total principal amount outstanding under all Purchasers' Notes plus all accrued but unpaid interest under all Purchasers' Notes (which outstanding principal amount and accrued unpaid interest shall not include any amount of the Notes which have been converted pursuant to the Purchase Agreements). As used in this Amendment, “Purchasers’ Notes” means the Original CapEx Note, the Second CapEx Note, the CapSource Replacement Note, the CXA Note and the CF Note, and a “Purchaser’s Note” means any of the Purchasers’ Notes.

g. The Purchasers agree that the Company shall be entitled to rely on the approval or action of Purchasers holding a Majority Interest (as defined in the Purchase Agreement) in connection with the exercise of the Purchasers’ rights and remedies under the Collateral Documents. The Company shall also be entitled to rely on a representation by one or more Purchasers that they hold a Majority Interest.

h. The following is added as a new Section 26 of the Security Agreement, Section 11 of the Trademark Security Agreement and Section 11 of the Collateral Assignment:

The Agent.

(a) Appointment, Powers and Immunities. Whenever and wherever a Purchaser (or Secured Party, as applicable) is

permitted to take action with respect to the Collateral including but not limited to (i) perfecting a security interest, (ii) transferring liens, (iii) taking remedial action, (iv) preserving or using Collateral, (v) taking delivery of Collateral, (vi) receiving notices, or (vii) applying proceeds of the Collateral, each Purchaser hereby designates and appoints CapEx, L.P. as the agent of such Purchaser under this Agreement (including its affiliates and its own and such affiliates' officers, directors, employees and agents any successor agent, "Agent"), and the other documents contemplated hereby, and each such Purchaser irrevocably authorizes Agent to take such action on its behalf under the provisions of this Agreement and the Amended and Restated Intercreditor Agreement among the Purchasers dated as of March 19, 2001 (as amended from time to time, the "Intercreditor Agreement"). The Agent shall not: (i) have any duties or responsibilities to be a trustee for any Purchaser; (ii) be responsible to the Purchasers for any recitals, statements, representations or warranties contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by either of them under, this Agreement, or for value, validity, effectiveness, genuineness, enforceability, perfection or sufficiency of this Agreement, any security document or any other document referred to or provided for therein or for any failure by the Company or other Purchaser or any other person to perform any of its obligations hereunder or thereunder; (iii) be required to initiate or conduct any litigation or collection proceedings hereunder; and (iv) be responsible for any action taken or omitted to be taken by it hereunder or under any other documents or instrument referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct. The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact it selects with reasonable care.

(b) Reliance by Agent. The Agent shall be entitled to rely upon any certification, notice or other communication (including any communication by telephone, telex, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper person or persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Agent. As to any matters not expressly provided for by this Agreement, the Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions signed the Majority Interest (as defined in the Purchase Agreement) of the Purchasers, and any action taken or failure to act pursuant thereto shall be binding on the Purchasers.

(c) Events of Default. The Agent shall not be deemed to have knowledge of the occurrence of an Event of Default unless such Agent has received written notice from any Purchaser or the Company specifying such Event of Default and stating that such notice is a "Notice of Default." In the event that the Agent receives such a Notice of Default, the Agent shall give prompt notice thereof to the Purchasers. The Agent may take such action and assert such rights with respect to taking or refraining from taking any action or actions that it may be able to take under or in respect of, this Agreement or any other agreements contemplated hereby or thereby, as it deems to be advisable in its discretion for the protection of the interest of the Purchasers in the Collateral; provided that, as between the Agent and the Purchasers only, after the occurrence of an Event of Default, the Agent (i) shall not exercise any rights or remedies granted to it hereunder or any other agreements contemplated hereby or thereby, or otherwise available to it at law or in equity, without the approval of the Majority Interest and (ii) upon the direction of the Majority Interest, shall exercise such rights and remedies as so directed; provided further that, notwithstanding the above, the Agent shall not be required to take any action which would expose the Agent to personal liability to its satisfaction, against any and all amounts, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or natures which may be imposed on, incurred by or asserted against the Agent by reason of taking or continuing to take any such action.

(d) Indemnification. The Purchasers agree to indemnify the Agent (to the extent not reimbursed hereunder) its Pro Rata (as defined in the Purchase Agreement) share, for any and all liabilities, obligations, losses, damages, penalties, action, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement or any other document contemplated by or referred to herein or the transactions contemplated by or referred to herein or the enforcement of any of the terms of this Agreement or of any such other documents, provided that no Purchaser shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

(e) Non-Reliance on Agent and Other Purchasers. Except for notices, reports and other documents and information expressly required to be furnished to the Purchasers by the Agent hereunder, the Agent shall have no duty or responsibility to provide any

Purchaser with any credit or other information concerning the affairs, financial condition or business of the Company and the Borrowers (or any of their affiliates) which may come into the possession of the Agent or any of its affiliates. Notwithstanding the foregoing, the Agent will provide to the Purchasers any and all information reasonably requested by them and reasonably available to the Agent promptly upon such request.

(f) Failure to Act. Except for action expressly required of the Agent hereunder, the Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall be indemnified on a Pro Rata basis to its satisfaction by the Purchasers against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(g) Resignation or Removal of Agent. CapEx, L.P. (or any other agent hereunder), may resign as the agent at any time by giving thirty (30) days prior written notice thereof to the Purchasers and shall be removed as the Agent at any time with or without cause at the request of a Majority Interest. Any such resignation shall take effect at the end of such thirty (30) day period or upon the earlier appointment of a successor Agent by a Majority Interest as provided below. Upon any resignation or removal of CapEx, L.P. (or any other Agent hereunder), the Majority Interest shall appoint a successor agent. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent. After the effective date of the resignation or removal of an Agent hereunder, the retiring Agent shall be discharged from its duties and obligations hereunder, provided that the provisions of this section shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Agent.

(f) Cooperation of Purchasers. Each Purchaser shall (i) promptly notify the other Purchasers and the Agent of any Event of Default known to such Purchaser under this Agreement and not reasonably believed to have been previously disclosed to the other Purchasers; (ii) provide the other Purchasers and the Agent with such information and documentation as such other Purchasers or the Agent shall reasonably request in the performance of their respective duties hereunder, including, without limitation, all information relative to the outstanding balance of principal, interest and other sums owed to such Purchaser by the Company; and (iii) cooperate with the Agent with respect to any and all

a. The references to and definition of “Purchase Agreement” are amended to mean the CapEx Purchase Agreement and the Purchase Agreement, each as may be amended from time to time.

b. The Company warrants and represents that all the warranties and representations described in Section 2 are true as though first made on the date of this Amendment.

c. A new Section 13 is added as follows:

13. Pari Passu. The rights and remedies available to CapEx, CapSource, CXA and CF collectively as “Purchaser” rank equally with respect to priority of liens and Pro Rata with respect to payments.

5. Document References. All definitions and references in the Security Agreement, the Trademark Agreement and the Collateral Assignment are hereby modified as follows:

a. All references to the “Security Agreement” shall mean the Original Security Agreement, as amended by this Amendment, and as may be further amended or modified from time to time.

b. All references to the “Trademark Security Agreement” shall mean the Original Trademark Agreement, as amended by this Amendment, and as may be further amended or modified from time to time.

c. All references to the “Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights” shall mean the Collateral Assignment, as amended by this Amendment, and as may be further amended or modified from time to time.

6. Miscellaneous.

a. This Amendment may be executed in counterparts, each of which shall be an original, but all of which together constituted one and the same instrument. Executed copies hereof may be delivered by telecopier and upon receipt shall be deemed originals and binding upon the parties hereto, and actual originals shall be promptly delivered.

b. Except as modified by this Amendment, the Security Agreement, the Trademark Agreement and the Collateral Assignment shall remain in full force and effect, and are hereby ratified.

c. Capitalized terms used in this Amendment and not otherwise defined or modified herein shall have the meaning given in the Purchase Agreement.

d. Except to extent the Agent may act pursuant to the Collateral Documents and the Intercreditor Agreement, each of CapEx, CapSource, CXA and CF shall be entitled independently to enforce their rights under the Collateral Documents, as each may be amended from time to time.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: 

Its: President

CAPEX, L.P.,
a Delaware limited partnership

By: RBP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____

Its: _____

CAPSOURCE FUND, L.P.,
a Mississippi limited partnership,

By: CAPSOURCE PARTNERS, L.P.,
a Mississippi limited partnership,
its general partner

By: CAPSOURCE MANAGERS, INC.,
a Mississippi corporation,
its general partner

By: _____

Its: _____

SECOND AMENDMENT TO COLLATERAL DOCUMENTS

TRADEMARK
REEL: 002265 FRAME: 0386

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

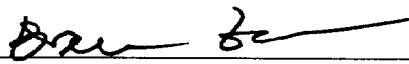
LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: _____

Its: _____

CAPEX, L.P.,
a Delaware limited partnership

By: RBP, L.L.C.,
a Delaware limited liability company,
its general partner

By:  _____

Its:  _____

CAPSOURCE FUND, L.P.,
a Mississippi limited partnership,

By: CAPSOURCE PARTNERS, L.P.,
a Mississippi limited partnership,
its general partner

By: CAPSOURCE MANAGERS, INC.,
a Mississippi corporation,
its general partner

By: _____

Its: _____

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: _____

Its: _____

CAPEX, L.P.,
a Delaware limited partnership

By: RBP, L.L.C.,
a Delaware limited liability company,
its general partner


By: _____

Its: _____

CAPSOURCE FUND, L.P.,
a Mississippi limited partnership,

By: CAPSOURCE PARTNERS, L.P.,
a Mississippi limited partnership,
its general partner

By: CAPSOURCE MANAGERS, INC.,
a Mississippi corporation,
its general partner

By:  _____
Its: President

SECOND AMENDMENT TO COLLATERAL DOCUMENTS

TRADEMARK
REEL: 002265 FRAME: 0388

CAPITAL ACROSS AMERICA, L.P.

By: Chant D. Be

Its: President

CAMPFIRE FAMILY, LLC

By: _____

Its: _____

CAPITAL ACROSS AMERICA, L.P.

By: _____

Its: _____

CAMPFIRE FAMILY, LLC

By: _____

Its: _____

Arthur J. Stenberg - Manager
3/16/2001

SECOND AMENDMENT TO COLLATERAL DOCUMENTS

**FIRST AMENDMENT
TO SECURITY AGREEMENT,
TRADEMARK SECURITY AGREEMENT
AND COLLATERAL ASSIGNMENT
OF CONTRACTS, AGREEMENTS,
PERMITS AND OTHER RIGHTS**

This First Amendment to Security Agreement, Trademark Security Agreement and Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights (this "Amendment") is made as of November 29, 2000 by and between LifeWorks, L.L.C., an Illinois limited liability company with an office at 5942 N. Northwest Highway, Chicago, Illinois 60631 (the "Company"), CapEx, L.P, a Delaware limited partnership with an office at 518 17th Street, Denver, Colorado 80202 ("CapEx") and CapSource Fund, L.P., a Mississippi limited partnership with an office at 800 Woodlands Parkway, Suite 102, Ridgeland, Mississippi 39157 ("CapSource").

RECITALS

A. The Company and CapEx entered into a Securities Purchase Agreement dated as of August 10, 2000 (as amended from time to time, the "CapEx Purchase Agreement"), pursuant to which CapEx committed to loan up to \$2,000,000.00 (the "CapEx Loan") to the Company upon certain conditions contained in the CapEx Purchase Agreement and CapEx received a convertible promissory note (the "CapEx Note") and a warrant to purchase 800,000 Class A Units in the Company (the "CapEx Warrant"). In connection with the CapEx Loan, the Company and CapEx entered into a Security Agreement (the "Original Security Agreement"), a Trademark Security Agreement (the "Original Trademark Agreement") and a Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights (the "Original

B. The Company wishes to borrow, and CapSource has agreed to lend, \$500,000.00 (the "CapSource Loan") under the terms and conditions of a CapSource Purchase Agreement executed by and between the Company and CapSource as of November 29, 2000 (as amended from time to time, the "CapSource Purchase Agreement"). In exchange for the CapSource Loan, the Company will issue a convertible promissory note in favor of the Purchaser for the amount of the CapSource Loan (the "CapSource Note") and a warrant to purchase 141,667 Class A Units (the "CapSource Warrant"). As a condition of CapSource's agreement to make the CapSource Loan, CapSource has required that the Security Agreement, the Trademark Agreement and the Collateral Assignment be amended to reference the CapSource Loan and the documents pertaining thereto.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Original Security Agreement, the Original Trademark Agreement and the Original Collateral Assignment are hereby amended as follows:

1. **Collateral Documents.** The Original Security Agreement, the Original Trademark Agreement and the Original Collateral Assignment (collectively the "Collateral Documents") are each amended as follows:

a. The references to and definition of "Note" (including but not limited to those in Section 3 of the Original Security Agreement), are amended to mean the CapEx Note and the CapSource Note, together with any instruments evidencing any extensions, renewals or replacements thereof and any other notes that may be issued pursuant to the CapEx Purchase Agreement or the CapSource Purchase Agreement, each as may be amended from time to time.

b. The references to and definition of "Purchaser" are amended to mean CapEx and/or CapSource, as the context requires.

c. The references to and definition of "Secured Party" are amended to mean CapEx and/or CapSource, as the context requires.

d. The references to "Transaction Documents" are amended to mean Transaction Documents as defined in the CapEx Purchase Agreement and/or the CapSource Purchase Agreement, as the context requires.

e. References to specific sections of the CapEx Purchase Agreement simultaneously refer to sections of the CapEx Purchase Agreement and corresponding sections of the CapSource Purchase Agreement.

f. A Purchaser's "Pro Rata" right to payment is determined with respect to each Purchaser by dividing (a) the total principal amount outstanding under such Purchaser's Note plus all accrued but unpaid interest under such Purchaser's Note (which outstanding principal amount and accrued unpaid interest shall not include any amount of such Note which has been converted pursuant to the applicable Purchase Agreement), by (b) the total principal amount outstanding under both Purchasers' Notes plus all accrued but unpaid interest under both Purchasers' Notes (which outstanding principal amount and accrued unpaid interest shall not include any amount of the Notes which have been converted pursuant to the Purchase Agreements).

g. The Purchasers agree that the Company shall be entitled to rely on the approval or action of Purchasers holding a Majority Interest in connection with the exercise of the Purchasers' rights and remedies under the Collateral Documents. The Company shall also be entitled to rely on a representation by one or more Purchasers that they hold a Majority Interest. For purposes of this Agreement, holding a "Majority Interest" means Purchasers holding over fifty percent (50%) of the aggregate outstanding principal amount and accrued unpaid interest under the Notes then outstanding.

2. **Security Agreement.** The Original Security Agreement is amended as follows:

a. The references to and definition of "Securities Purchase Agreement" or "Security Purchase Agreement" (including but not limited to those in Section 3 of the Original Security Agreement) are amended to mean the CapEx Purchase Agreement and/or the CapSource Purchase Agreement, as the context requires.

b. The Company warrants and represents that all the warranties and representations described in Section 6 are true as though first made on the date of this Amendment.

c. A new Section 25 is hereby added as follows:

Section 25. Pari Passu The rights and remedies available to CapEx and CapSource as "Purchaser" and "Secured Party" rank equally with respect to priority of liens and Pro Rata with respect to payments.

3. **Trademark Agreement**. The Original Trademark Agreement is amended as follows:

a. The references to and definition of "Purchase Agreement" are amended to mean the CapEx Purchase Agreement and/or the CapSource Purchase Agreement, as the context requires.

b. The Company warrants and represents that all the warranties and representations described in Section 3 are true as though first made on the date of this Amendment.

c. A new Section 10 is hereby added as follows:

10. Pari Passu The rights and remedies available to CapEx and CapSource as "Purchaser" and "Secured Party" rank equally with respect to priority of liens and Pro Rata with respect to payments.

4. **Collateral Assignment**. The Original Collateral Assignment is amended as follows:

a. The references to and definition of "Purchase Agreement" are amended to mean the CapEx Purchase Agreement and the CapSource Purchase Agreement, each as may be amended from time to time.

b. The Company warrants and represents that all the warranties and representations described in Section 2 are true as though first made on the date of this Amendment.

c. A new Section 13 is added as follows:

13. Pari Passu The rights and remedies available to CapEx and CapSource as "Purchaser" rank equally with respect to priority of liens and Pro Rata with respect to payments.

5. Document References. All definitions and references in the Original Security Agreement, the Original Trademark Agreement and the Original Collateral Assignment are hereby modified as follows:

a. All references to the "Security Agreement" shall mean the Original Security Agreement, as amended by this Amendment, and as may be further amended or modified from time to time.

b. All references to the "Trademark Security Agreement" shall mean the Original Trademark Agreement, as amended by this Amendment, and as may be further amended or modified from time to time.

c. All references to the "Collateral Assignment of Contracts, Agreements, Permits, Licenses and Other Rights" shall mean the Original Collateral Assignment, as amended by this Amendment, and as may be further amended or modified from time to time.

6. Miscellaneous.

a. This Amendment may be executed in counterparts, each of which shall be an original, but all of which together constituted one and the same instrument. Executed copies hereof may be delivered by telecopier and upon receipt shall be deemed originals and binding upon the parties hereto, and actual originals shall be promptly delivered.

b. Except as modified by this Amendment, the Original Security Agreement, the Original Trademark Agreement and the Original Collateral Assignment shall remain in full force and effect, and are hereby ratified.

c. Capitalized terms used in this Amendment and not otherwise defined or modified herein shall have the meaning given in the CapEx Purchase Agreement, or, if no meaning is given therein, the CapSource Purchase Agreement.

d. Each of CapEx and CapSource shall be entitled independently to enforce their rights under the Agreement.

e. This Amendment is being executed to accommodate the CapSource Loan and, except for the fact that the rights held by CapSource and CapEx are on a *pari passu* basis as set forth herein, is not intended in any way to limit, modify or impair the rights granted to CapEx under the CapEx Purchase Agreement and related documents.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: RLB + MW

Its: VP/CEO

CAPEX, L.P.,
a Delaware limited partnership

By: RBP, L.L.C.,
a Delaware limited liability company,
its general partner

By: _____

Its: _____

CAPSOURCE FUND, L.P.,
a Mississippi limited partnership,

By: CAPSOURCE PARTNERS, L.P.,
a Mississippi limited partnership,
its general partner

By: CAPSOURCE MANAGERS, INC.,
a Mississippi corporation,
its general partner

By: Charles Martens

Its: Asst. Sec.

FIRST AMENDMENT TO COLLATERAL DOCUMENTS

TRADEMARK
REEL: 002265 FRAME: 0395

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first set forth above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: _____

Its: _____

CAPEX, L.P.,
a Delaware limited partnership

By: RBP, L.L.C.,
a Delaware limited liability company,
its general partner

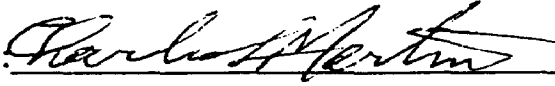
By:  _____

Its: Partner

CAPSOURCE FUND, L.P.,
a Mississippi limited partnership,

By: CAPSOURCE PARTNERS, L.P.,
a Mississippi limited partnership,
its general partner

By: CAPSOURCE MANAGERS, INC.,
a Mississippi corporation,
its general partner

By:  _____

Its: Asst Sec

FIRST AMENDMENT TO COLLATERAL DOCUMENTS

TRADEMARK
REEL: 002265 FRAME: 0396

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement"), dated as of August 10, 2000, is made by and among **LIFEWORKS, L.L.C.**, an Illinois limited liability company (the "Debtor"), with its principal place of business at 5942 N. Northwest Highway, Second Floor West, Chicago, Illinois 60631, and **CAPEX, L.P.**, a Delaware limited partnership (the "Secured Party"), with an office at 518 17th Street, 17th Floor, Denver, Colorado 80202.

Recitals

A. The Debtor and the Secured Party have entered into a Securities Purchase Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Purchase Agreement") setting forth the terms on which the Secured Party will acquire from Debtor a note in the amount of \$2,000,000 (the "Note").

B. As a condition under the Purchase Agreement or otherwise, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Purchase Agreement and herein, the parties hereby agree as follows:

1. Definitions. All terms with their initial letter capitalized and not otherwise defined herein shall the meaning set forth in the Purchase Agreement. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with the Note, Purchase Agreement or any other Transaction Document, which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit A.

2. Security Interest. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law (the "Security Interest"), in the Trademarks to secure payment of the Obligations.

3 **Representations, Warranties and Agreements.** The Debtor hereby represents, warrants and agrees as follows:

a) **Existence; Authority.** The Debtor is a limited liability company, having full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor has been duly authorized by all necessary corporate action on the part of the Debtor, and does not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of organization or operating agreement or any agreement presently binding on the Debtor. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is set forth in the introductory paragraph of this Agreement. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

b) **Trademarks.** Exhibit A accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all registrations pertaining thereto as of the date hereof.

c) **Title.** The Debtor has absolute title to each Trademark listed on Exhibit A, free and clear of all security interests, liens and encumbrances. The Debtor (i) will have, at the time the Debtor acquires any rights in Trademarks hereafter arising, absolute title to each such Trademark free and clear of all security interests, liens and encumbrances, and (ii) will keep all Trademarks free and clear of all security interests, liens and encumbrances.

d) **No Sale.** The Debtor will not sell or otherwise dispose of the Trademarks, or any interest therein, without the Secured Party's prior written consent.

e) **Defense.** The Debtor will at its own expense, and using its best efforts, protect and defend the Trademarks against all claims or demands of all persons other than the Secured Party.

f) **Maintenance.** The Debtor will at its own expense maintain the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any maintenance fee or annuity due and payable on any Trademark, nor fail to file any required affidavit in support thereof.

g) **Secured Party's Right to Take Action.** If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (f), immediately upon the occurrence of such failure, without notice or lapse of time), or if the

Debtor notifies the Secured Party that it intends to abandon a Trademark, the Secured Party may (but need not), in addition to any other rights or remedies under the Purchase Agreement, perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure. The Secured Party shall not be liable for any loss sustained by the Debtor from the Secured Party's failure to enforce any of the Trademarks or from any other act or omission of the Secured Party, except to the extent that such loss is finally determined by a court of competent jurisdiction that such loss resulted from the Secured Party's gross negligence or willful misconduct.

h) **Costs and Expenses.** Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys' fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (g) or exercising its rights under Section 6, together with Default Interest thereon from the date expended or incurred by the Secured Party.

i) **Power of Attorney.** To facilitate the Secured Party's taking action under subsection (g) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or necessary for the Secured Party, after an Event of Default, to enforce or use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein is coupled with an interest and irrevocable, but shall terminate upon the termination of the Purchase Agreement as provided therein and the payment and performance of all Obligations (as defined therein).

4. **Debtor's Use of the Trademarks.** The Debtor shall be permitted to control and manage the Trademarks, including the right to exclude others from making, using or selling items covered by the Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs.

5. **Events of Default.** Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Purchase Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made.

6. **Remedies.** Upon the occurrence of an Event of Default, the Secured Party may, at its option, take any or all of the following actions:

a) The Secured Party may exercise any or all remedies available under the Purchase Agreement.

b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Trademarks.

c) The Secured Party may enforce the Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.

7. **Miscellaneous.** This Agreement has been duly and validly authorized by all necessary action, company or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Trademarks at all or in any particular manner or order, or to apply any cash proceeds of Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. If any term or provision of this Assignment shall, to any extent, be determined by a court of competent jurisdiction or other applicable governmental authority to be invalid or unenforceable, such invalid or unenforceable term or provision shall be reduced or modified to the minimum extent necessary to make it valid and enforceable (or if it cannot, then severed), and each remaining term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. In the event of any conflict between this Assignment and any of the other Transaction Documents, the provision which more strongly protects the rights and remedies of the Purchaser shall control.

8. Governing Law.

(a) This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Colorado (without giving effect to principles of conflicts of laws).

(b) Any legal action or other legal proceeding relating to this Agreement or any other Transaction Document or the enforcement of any provision of this Agreement or any other Transaction Document may be brought or otherwise commenced in any state or federal court located in the State of Colorado. Each Party to this Agreement:

(i) expressly and irrevocably consents and submits to the jurisdiction of each state and federal court located in the State of Colorado (and each appellate court located in the State of Colorado) in connection with any such legal proceeding;

(ii) agrees that each state and federal court located in the State of Colorado shall be deemed to be a convenient forum; and

(iii) agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in Colorado, any claim that such party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

(c) Nothing contained herein shall be deemed to limit or otherwise affect the right of the Secured Party to commence any legal proceeding or otherwise proceed against the Debtor in any other forum or jurisdiction.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Transaction Documents, as applicable, by, among other things, the mutual waivers and certifications.

9 INDEMNITY; SURVIVAL OF PROVISIONS. The Company agrees to pay upon demand to the Purchaser the amount of its fees and any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents the Purchaser 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 Trademarks, (iii) the exercise, enforcement or protection of any of the rights of the Purchaser hereunder or (iv) the failure of the

Company to perform or observe any of the provisions hereof. The Company shall indemnify, protect, defend and hold the Purchaser harmless from and against any expenses (including reasonable attorneys' fees), damages, obligations, claims, actions, and other liabilities or costs arising out of a breach by the Company of any of its representations, warranties or covenants hereunder or in any way connected with, or as a result of, the execution, delivery or performance of this Agreement or any claim, litigation, investigation or proceeding relating hereto or to the Purchaser. All representations, warranties and covenants of the Company contained herein shall survive the execution and delivery of this Agreement, and shall terminate only upon the full and final payment and performance by the Company of the Obligations.

[end of page]

IN WITNESS WHEREOF, the parties have executed this Trademark Security Agreement as of the date written above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: _____ *P. Edelman*
Its: _____ *President*

CAPEX, L.P.
a Delaware limited partnership

By: **RBP, L.L.C.**
Its: **General Partner**

By: _____
Its: _____

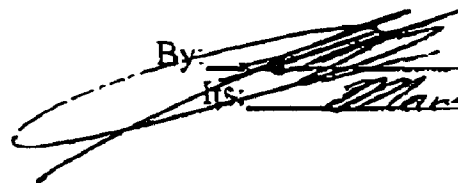
IN WITNESS WHEREOF, the parties have executed this Trademark Security Agreement as of the date written above.

LIFEWORKS, L.L.C.,
an Illinois limited liability company

By: _____
Its: _____

CAPEX, L.P.
a Delaware limited partnership

By: RBP, L.L.C.
Its: General Partner

By:  Joseph S. Broe
Its: Manager

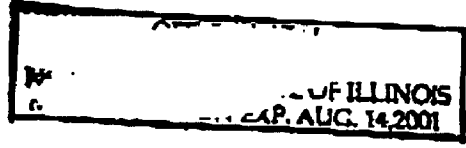
STATE OF Ill)
COUNTY OF Cook) SS.

Subscribed and sworn to before me this 10th day of August, 2000 by
PAULA EXCHISON as PRESIDENT of LifeWorks, L.L.C.

My commission expires:



[Signature]
NOTARY PUBLIC



STATE OF _____)
COUNTY OF _____) SS.

Subscribed and sworn to before me this ____ day of August, 2000 by
_____ as _____ of RBP, L.L.C., the general
partner of Capex, L.P.

My commission expires:

NOTARY PUBLIC

STATE OF _____)
) SS.
COUNTY OF _____)

Subscribed and sworn to before me this _____ day of August, 2000 by
_____ as _____ of LifeWorks, L.L.C.

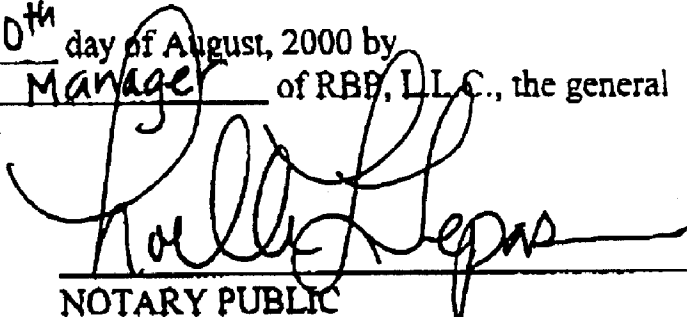
My commission expires:

NOTARY PUBLIC

STATE OF COLORADO)
CITY AND)
COUNTY OF DENVER) SS.

Subscribed and sworn to before me this 10th day of August, 2000 by
Joseph S. Broz as Manager of RBP, L.L.C., the general
partner of Capex, L.P.

My commission expires:



NOTARY PUBLIC

My Commission Expires May 24, 2004
410 17th Street, 22nd Floor
Denver, Colorado 80202

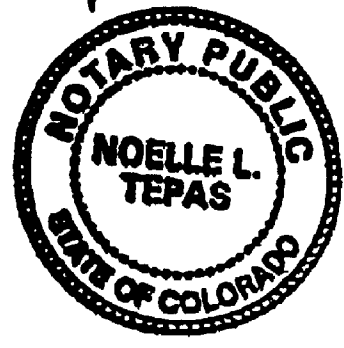


EXHIBIT A

TRADEMARKS

<u>Mark</u>	<u>Application No./ Filing Date</u>	<u>Registration Number</u>
High Hopes	75-721324 06/02/99	
High Hopes Every Sale Gives Hope to Homeless Pets	75-851314 11/17/99	

A-1