

TRADEMA

06-25-2001

ER SHEET



To the Honorable Commissioner of

101758702

1 original document or copy thereof.

1. Name of conveying party(ies):

Wundies Enterprises, Inc.
Wundies Industries, Inc.

Each a corporation of Delaware

Additional names(s) of conveying party(ies) attached? NO

KE
68-01
1-30-01

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

Bank Leumi USA
562 Fifth Avenue
New York, NY 10036

A banking corporation organized and existing under the laws of New York

If assignee is not domiciled in the United States, a domestic representative designation is attached: NO

(Designation must be a separate document from Assignment)

Additional name(s) & address(es) attached? NO

3. Nature of conveyance:

Trademark Security Agreement

Execution Date: January 4, 2001

4. A. Trademark Application No.(s)

76/016,519
76/127,315
76/142,223

B. Trademark Registration No.(s)

1,146,445 870,132
1,475,978 582,953
181,556 2,293,495
1,322,278 1,786,172
1,237,443 1,795,929
1,186,905
1,207,348
1,290,229

Additional numbers attached? NO

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

OSTROLENK, FABER, GERB & SOFFEN, LLP
1180 Avenue of the Americas
New York, New York 10036-8403

6. Total number of documents involved:
16

7. Total fee (37 CFR 3.41): \$ 415.00

Enclosed as part of
Check No.

In the event the actual fee is greater than the payment submitted or is inadvertently not enclosed or if any additional fee due is not paid the Patent and Trademark Office is authorized to charge the underpayment to Deposit Account No. 15-0700.

DO NOT USE THIS SPACE

8. 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.

Robert C. Faber

Name of Person Signing

Signature

June 6, 2001

Date

Total number of pages including cover sheet, attachments, and document: 16

06/22/2001 LWELLER 00000124 150700 76016519

01 FC:481 40.00 CH
02 FC:482 375.00 CH

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") dated as of September 11, 2000, by and among WUNDIES ENTERPRISES, INC. and WUNDIES INDUSTRIES, INC., each a Delaware corporation (collectively, "Grantors"), and BANK LEUMI USA, as New York banking corporation, ("BLUSA") as agent (in such capacity, the "Agent") for itself as a lender and Bank Hapoalim, B.M. the other lender (collectively, the "Banks") as parties to the Credit and Security Agreement dated as of even date herewith among the Grantors, as "Borrowers", the Agent and the Banks (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

WITNESSETH:

- A. The Grantors own and use certain Trademarks (as herein defined) and Trademark Licenses (as herein defined) which are registered in, or applications for registration of which have been filed in, the United States Patent and Trademark Office, or in equivalent offices of foreign countries, all as more fully described on Schedule I attached hereto and by reference made part hereof; and
- B. The Banks propose to make certain loans to the Borrowers pursuant to the Credit Agreement (capitalized terms used herein and not defined shall have the meanings ascribed to them in the Credit Agreement); and
- C. Pursuant to the Credit Agreement, the Borrowers have assigned, conveyed, mortgaged, pledged, hypothecated and granted to the Agent, for its benefit and the ratable benefit of the Banks, a security interest in the property described therein, including, without limitation, (a) all of the Grantors' General Intangibles including all of the Trademarks (as herein defined) and all of Trademark Licenses (as herein defined), whether presently existing or hereafter acquired or arising, or in which the Grantors now has or hereafter acquires rights and wherever located; and (b) all products and proceeds any of the foregoing, as security for all of the Obligations; and
- D. As a condition precedent to the extension of such financial accommodations pursuant to the Credit Agreement, including, without limitation, for purposes of perfecting the security interests granted therein, the Banks have required that the Grantors enter into this Agreement and grant to the Agent, for its benefit and the ratable benefit of Banks, a security interest in the Property (as herein defined);

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. For purposes of this Agreement and in addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings herein specified (Such meaning to be equally applicable to both the singular and plural forms of tile terms defined):

“Trademark Licenses” means any written agreement or license now or hereafter in existence granting any Person the right to use any Trademarks, including, without limitation, the agreements listed on Schedule I attached hereto.

“Trademarks” means all of the following now or thereafter in existence, now or hereafter owned by the Grantors, or either of them, or in which the Grantors, or either of them, now or hereafter acquire any rights, title or interest, including without limitation due to estoppel or prior use: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, service marks logos, other source or business identifiers, and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations thereof, and all applications for registrations thereof (excluding intent to use applications prior to the filing of a Statement of Use or an Amendment to allege use), including, without limitation, registrations thereof and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, including, without limitation, those listed on Schedule I attached hereto together with all the rights, benefits and privileges derived therefrom and the goodwill of the business symbolized thereby, (ii) all reissues, extensions or renewals thereof and (iii) all proceeds of the foregoing.

2. As security for all of the Obligations, the Grantors hereby assign, grant and convey a security interest to the Agent, for its benefit and the ratable benefit of the Banks, in all of its rights, title and interest in, to and under the following (collectively, the “Property”):

(a) all Trademarks now or hereafter owned by either of the Grantors or in which the Grantors, or either of them, now has or hereafter acquires rights and wherever located and the goodwill of the business of the Grantors, or either of them, relating thereto or represented thereby, including, without limitation, each Trademark listed on Schedule I hereto; and

(b) all Trademark Licenses now or hereafter held by either of the Grantors or in which the Grantors, or either of them, now has or hereafter acquires rights and wherever located, including, without limitation, the Trademark Licenses, listed in Schedule I hereto to the fullest extent permitted thereunder by such Trademark Licenses; and

(c) all products and proceeds of the foregoing, including without limitation, any claim by the Grantors, or either of them, against third parties for past, present or future

infringement of any of the Trademarks or breach of any of the Trademark Licenses, including, without limitation, all Trademarks or Trademark Licenses referred to in Schedule I hereto.

Notwithstanding the foregoing or anything else contained in this Agreement to the contrary, the assignment, grant and conveyance under this Section 2 shall not be effective as a transfer of title to the Property unless and until the Agent exercises the rights and remedies accorded to it under the Credit Agreement and by law with respect to the realization upon its security interest in the Property, and until such time the Grantors shall own, and may use and enjoy the Property in connection with their business operations, and exercise all incidents of ownership, including, without limitation, enforcement of its rights and remedies with respect to the Property, but with respect to all Property being used in the Grantors' businesses, only in a manner consistent with the preservation of the current substance, validity, registration and the security interest herein, granted in such Property except as expressly permitted by the Credit Agreement.

3. The Grantors hereby acknowledge and affirm the representations, warranties and covenants of the Grantors with respect to the Property and the rights and remedies of the Agent with respect to the security interest in the Property made and granted hereby and as more fully set forth in the Credit Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

In addition, the Grantors jointly and severally covenant, represent and warrant that as of the date of this Agreement:

(a) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;

(b) Each of the Trademarks is valid and enforceable;

(c) To the Grantors' knowledge, there is no outstanding claim, pending or threatened in writing, that the use by the Grantors, or either of them, of any of the Trademarks infringes the intellectual property rights of any third person;

(d) To the Grantors' knowledge, the Grantors or one of them is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, free and clear of any liens, charges and encumbrances, (including without limitation pledges, assignments, licenses, and covenants by either of the Grantors not to sue third persons), Permitted Encumbrances or as otherwise permitted by the Credit Agreement.

(e) The Grantors have the right to enter into this Agreement and perform its terms; and

(f) The Grantors have used, and will continue to use for the duration of this Agreement where commercially reasonable, proper statutory notice, where appropriate, in connection with its use of the Trademarks.

4. The Grantors acknowledge and affirm, and incorporate herein by reference, the provisions set forth in the indemnification provisions of the Credit Agreement. In addition to the representations in the indemnification provisions of the Credit Agreement, the Grantors also covenants, represents and warrant that:

(a) The Grantors assume all responsibility and liability arising from the use of the Trademarks, and the Grantors hereby indemnify and hold the Agent and each Bank harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of the Grantors' operations of their businesses arising from the use of the Trademarks; and

(b) in any suit, proceeding or action brought by the Agent under any of the Trademark Licenses for any sum owing thereunder, or to enforce any provisions of such Trademark Licenses, the Grantors will indemnify and keep the Agent and each Bank harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder, arising out of a breach of the Grantors, or either of them, of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantors, or either of them, and all such obligations of the Grantors shall be and remain enforceable against and only against the Grantors and shall not be enforceable against Agent or any Bank.

5. The Grantors acknowledge and affirm, and incorporate herein by reference, the inspection of premises provisions set forth in Section 7.2 of the Credit Agreement. In addition to the inspection provisions of Section 7.2 of the Credit Agreement, the Grantors also covenant, represent and warrant that: (I) absent the existence of an Event of Default, upon one Business Days' prior notice and during, regular business hours, and (II) at all times during the existence of an Event of Default, the Grantors hereby grant to the Agent and its employees and agents the right to visit, inspect and audit the Grantors' plants and facilities which manufacture, inspect or store products sold under any of the Trademarks and Trademark Licenses, and to inspect the products and quality control relating thereto at reasonable times during regular business hours. The Grantors shall use their best efforts to do any and all acts required by the Agent to ensure the Grantors' compliance with this Agreement.

6. (a) If, before the Obligations shall have been paid in full, the Grantors shall obtain rights to any new trademarks, (including, but not limited to, Intent to Use applications if a Statement of Use or an Amendment to Allege Use had been filed with the U.S. Patent and Trademark Office) the provisions of the Agreement shall automatically apply thereto and the grantor shall give the Agent prompt written notice thereof.

(b) The Grantors grant the Agent a power-of-attorney, irrevocable so long as the Credit Agreement is in existence, to modify this Agreement by amending Schedule I to include any future Property.

7. The Grantors covenant and agree with the Agent that from and after the date of this Agreement and until the Obligations are fully satisfied:

(a) Further Documentation: Pledge of Instruments. The Grantors acknowledge and confirm, and incorporate herein by reference the execution of supplemental instruments provisions set forth in Section 7.22 of the Credit Agreement. In addition to the provisions of Section 7.22 of the Credit Agreement, the Grantors also covenant, represent and warrant that at any time and from time to time, upon the written request of the Agent, each will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Agent may reasonably deem desirable in obtaining the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Uniform Commercial Code with respect to the liens and security interests granted hereby. The Grantors also hereby authorize the Agent to file any such financing or continuation statement without the signature of the Grantors to the extent permitted by applicable law. If any amount payable under or in connection with any of the Property shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged to the Agent hereunder, duly endorsed in a manner satisfactory to the Agent.

(b) Maintenance of Trademarks. The Grantors will not do any act, or omit to do any act, whereby the Trademarks or the Trademark Licenses may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value except where the Grantors deem such action or omission to be, in the exercise of its reasonable business judgment, commercially reasonable, and shall notify the Agent immediately if it knows of any reason or has reason to know of any ground under which this result may occur. The Grantors shall, in exercising their reasonable business judgment, take appropriate action at their expense to halt the infringement of the Trademarks and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees of the Trademarks in connection with the Trademark Licenses set forth in Schedule 1.

8. The Grantors will not, except where they deem such action or omission to be, in the exercise of their reasonable business judgment, commercially reasonable: (1) amend, modify, terminate or waive any provision of any of the Trademark Licenses in any manner which might materially adversely affect the value of such Trademark Licenses or the Trademarks, without the written consent of the Agent, (i) fail to exercise promptly and diligently each and every material right which it may have under each of the Trademark Licenses (other than any right of termination), without the prior written consent of the Agent, or (ii) fail to deliver to the Agent a copy of each material demand, notice or document sent or received by it relating, in any way to any Trademark Licenses or Trademarks.

9. The Grantors will advise the Agent promptly, in reasonable detail: (a) of any lien or claim made or asserted against any of the Property, (b) of any material change in the composition of the Property, and (c) of the occurrence of any other event which would have a Material Adverse Effect on the Property or on the security interests created hereunder.

10. (a) The Grantors acknowledge and affirm, and incorporate herein by reference, the collection of Account provisions in the Credit Agreement. In addition to the said provisions in the Credit Agreement, the Grantors hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Grantors and in the name of the Grantors or in its own name, from time to time in the Agent's discretion, for the purposes of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives the Agent the power and right, on behalf of the Grantors, to do the following:

(i) Upon the occurrence and continuance of all Event of Default, to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any of the Trademark Licenses and, in the name of the Grantor or its own name or otherwise, to take possession of and endorse and collect all), checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any of the Trademark Licenses and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise declined appropriate by the Agent for the purpose of collecting any and all such moneys due under any of the Trademark Licenses whenever payable;

(ii) To pay or discharge, subject to Section 7.4 of the Credit Agreement, any taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Property; and

(iii) Upon the occurrence and continuance of an Event of Default, (A) to direct any party liable for any payment under any of the Trademark Licenses to make payment of any and all moneys due and to become due thereunder directly to the Agent or as the Agent shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Property; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Property or any part thereof and to enforce any other right in respect of any Property; (D) to defend any suit, action or proceeding brought against the Grantor with respect to any Property; (E) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; and (F) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Property as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option all acts and things which the Agent deems necessary to protect, preserve or realize upon the Property and the Agent's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Grantors might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, the Grantors further agree to execute any additional

documents which the Agent may require in order to confirm this power of attorney, or which the Agent may deem necessary to enforce any of its rights contained in this Agreement.

(b) The powers conferred on the Agent hereunder are solely to protect its interests in the Property and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantors for any act or failure to act, except for its own gross negligence or willful misconduct.

(c) The Grantors also authorize the Agent to execute, in connection with any sale provided for in this Trademark Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Property.

(d) Concurrently with the execution and delivery hereof, each Grantor is executing and delivering to the Agent, in the form of Schedule II hereto, ten (10) originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Property pursuant to this Agreement.

11. The Grantors acknowledge and affirm, and incorporate herein by reference, the expenses provisions set forth in Section 12.2 of the Credit Agreement. In addition to the provisions of Section 12.2, the Grantors also covenant, represent and warrant that if either of the Grantors fails to perform or comply with any of its agreements contained herein, and the Agent, as provided for by the terms of this Agreement, shall perform or comply, or otherwise cause performance or compliance, with such agreements, the expenses of the Agent incurred in connection with such performance or compliance shall be payable by such Grantor to the Agent on demand and shall constitute Obligations secured hereby.

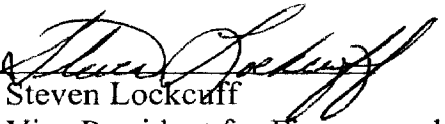
12. This Agreement shall terminate upon termination of the Credit Agreement in accordance with the provisions thereof. At any time and from time to time prior to such termination, the Agent may terminate its security interest in or reconvey to the Grantors any rights with respect to any or all of the Property. Upon termination of this Agreement and following a request from the Grantors, the Agent shall, at the expense of the Grantors, execute and deliver to the Grantors, or the Grantor designated in such notice, all deeds, assignments and other instruments as may be necessary or proper in the reasonable judgment of such Grantor in order to evidence such termination, subject to any disposition of the Property which may have been made by the Agent pursuant hereto or pursuant to the Credit Agreement.

13. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, APPLIED TO CONTRACTS TO BE PERFORMED WHOLLY WITHIN THE STATE OF NEW YORK.

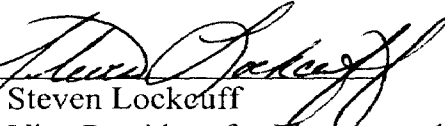
14. To the extent that any terms of this Agreement are expressly contradicted by the terms of the Credit Agreement, the terms of the Credit Agreement will apply.

IN WITNESS WHEREOF, the Grantors and the Agent have duly executed this Agreement on January 4, 2001 effective as of the date first above set forth.

WUNDIES ENTERPRISES, INC.


By: 
Name: Steven Lockcuff
Title: Vice President for Finance and Secretary

WUNDIES INDUSTRIES, INC.

By: 
Name: Steven Lockcuff
Title: Vice President for Finance and Secretary

BANK LEUMI USA, as Agent

By: 
Name: ~~Michaela Klein~~ *S. Leifer*
Title: ~~Senior Vice President~~

By: 
Name: Brenda Wiener
Title: Vice President

STATE OF NEW YORK

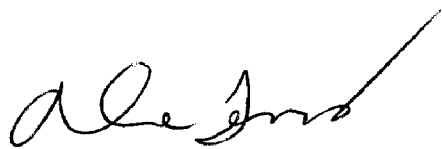
)

) ss.:

COUNTY OF NEW YORK

)

On the 4th day of January, 2001 before me personally came Brenda Wiener, to me personally known and known to me to be the person described in an who executed the foregoing instrument as a Vice President of BANK LEUMI USA; who being by me duly sworn, did depose and say that she is a Vice President of BANK LEUMI USA; that the said instrument was signed on behalf of said corporation in its capacity as Agent under the Credit Agreement; that she signed her name thereto at the direction of the corporation; and that she acknowledged said instrument to be the free act and deed of said corporation in its capacity as Agent under the Credit Agreement.



Notary Public


My Commission Expires: 1/26/03

ALICE LEMOS
Notary Public State of New York
No. 41-4884038
Qualified in Queens County
Commission Expires Jan 26, 2003

[NOTARY SEAL]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 4th day of January, 2001 before me personally came Steven Lockcuff, to me personally known and known to me to be the person described in and who executed the foregoing instrument as the Vice President for Finance and Secretary of each of Wundies Enterprises, Inc. and Wundies Industries, Inc., who being by me duly sworn, did depose and say that he is the Vice President for Finance and Secretary of Wundies Enterprises, Inc. and Wundies Industries, Inc., the corporations described in and which executed the foregoing instrument; that the said instrument was signed on behalf of said corporation by order of its Board of Directors; that he signed his name thereto by like order; and that he acknowledged said instrument to be the free act and deed of said corporation.



Notary Public

My Commission Expires: 1/26/03

ALICE LEMOS
Notary Public State of New York
No. 41-4884038
Qualified in Queens County
Commission Expires Jan 26, 2003

[NOTARIAL SEAL]

SCHEDULE I

REGISTERED U.S. TRADEMARKS AND TRADEMARK APPLICATIONS

<u>REGISTRATION NO.</u>	<u>REGISTRATION DATE</u>	<u>MARK</u>
1,146,445	1/27/81	FUNDIES
1,475,978	2/9/88	HANG UPS
181,556	3/25/24	KICK-A-WAY
1,322,278	2/26/85	KICK-A-WAY
1,237,443	5/10/83	LOVEPAK
1,186,905	1/19/82	LOVEPATS
1,207,348	9/7/82	LOVEPATS LOGO
1,290,229	8/14/84	UNDERWEAR-ABLES
870,132	5/27/69	KICKAWAY
582,953	11/24/53	WUNDIES
2,293,495	11/16/99	LONG JANES
1,786,172	8/3/93	FOR GIRLS ONLY LOVEPATS
1,795,929	9/28/93	LOVEPATS Stylized
76016519 (Application No.)	4/3/00 (Application Date)	GIRLTALK
76127315 (Application No.)	9/11/00 (Application Date)	SHORT JANES
76142223 (Application No.)	10/6/00 (Application Date)	BABA COOL

FOREIGN TRADEMARKS AND TRADEMARK APPLICATIONS¹

<u>REGISTRATION DATE</u>	<u>REGISTRATION NO.</u>	<u>REGISTRATION DATE</u>	<u>MARK</u>
Community Trademark	001332675 (Application No.)	9/27/99 (Application Date)	LOVEPATS (Class 25)
Bangladesh	38709 (Application No.)	9/19/93 (Application Date)	LOVEPATS Logo
Canada	22838	11/6/75	KICKAWAY
Canada	126539	5/18/62	WUNDIES
Chile	442735	4/3/95	PATCHES
China	753566	6/28/95	LOVEPATS Logo
France	1633578	12/18/99	LOVEPATS Logo
Germany	2005217	10/17/91	LOVEPATS Logo
Great Britain	1450555	12/13/90	LOVEPATS Logo
Hungary	140931	10/21/93	LOVEPATS Logo
Italy	663228	11/24/95	LOVEPATS Logo