

06-27-2001

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
Tab settings ⇌ ⇌ ⇌ ▼



101762288

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

1. Name of conveying party(ies):

Kae-Tech USA, Inc.

625-01

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

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name
- Assignment of Payments and Security

Execution Date: May 18, 2000

2. Name and address of receiving party(ies)

Name: National Bank of Canada

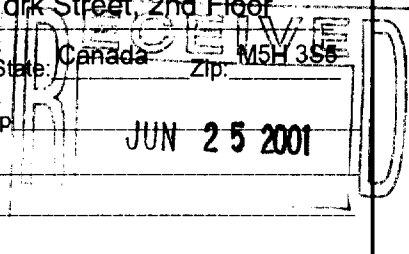
Internal Address: National Bank Building

Street Address: 150 York Street, 2nd Floor

City: Toronto, Ontario State: Canada Zip: M5H 3B5

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State CANADA
- 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 registration number(s):

A. Trademark Application No.(s)
75482555, 75852025, 75587913

B. Trademark Registration No.(s)
2151965, 1123852, 1317389, 1145319, 1573996, 1903844, 1667060,
1728703, 1830003, 1982708, 1982707, 2043632, 2053511, 2056220,
2116107, 2137505, 2213938

Additional number(s) attached Yes No

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

Name: John E. Ottaviani, Esq.

Internal Address: Edwards & Angell, LLP

Street Address: 2800 Financial Plaza

City: Providence State: RI Zip: 02903

6. Total number of applications and registrations involved: 20

7. Total fee (37 CFR 3.41) \$ 515

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

500402

(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.

John E. Ottaviani

Name of Person Signing

Signature

June 20, 2001

Date

Total number of pages including cover sheet, attachments, and document: 8

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

ASSIGNMENT OF PAYMENTS AND SECURITY

THIS AGREEMENT made as of the 18 day of May, 2000.

BETWEEN:

KAE-TECH USA, INC., a Delaware corporation
(hereinafter referred to as the "Assignor")

-and-

NATIONAL BANK OF CANADA, a Canadian chartered
bank, in its capacity as security agent for the Lenders (as
defined below) (hereinafter referred to as the "Agent").

WHEREAS pursuant to the terms and conditions of a credit agreement dated as of the date hereof (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "National Bank Credit Agreement") between Kae-Tech Inc., an Ontario corporation ("Kae-Tech"), National Bank of Canada, as agent thereunder, National Bank of Canada, as lender thereunder and such other banks, financial institutions and other persons as may become lenders thereunder (the "Senior Lender"), Kae-Tech is or will become indebted, liable and obligated to the Senior Lender;

AND WHEREAS pursuant to the terms and conditions of a debenture dated as of the date hereof (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "NB Debenture") issued by Kae-Tech in favour of National Bank of Canada, as mezzanine lender (together with its successors and assigns and any of their successors and assigns, "NB"), Kae-Tech is or will become indebted, liable and obligated to NB;

AND WHEREAS pursuant to the terms and conditions of a debenture dated as of the date hereof (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "NB Equity Debenture") issued by Kae-Tech in favour of NB Capital Equity Partners Inc. (together with its successors and assigns and any of their successors and assigns, "NB Equity"), Kae-Tech is or will become indebted, liable and obligated to NB Equity;

AND WHEREAS pursuant to the terms and conditions of a debenture dated as of the date hereof (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "CCC Debenture") issued by Kae-Tech in favour of Cameron Capital Corporation (together with its successors and assigns and any of their successors and assigns, "CCC"), Kae-Tech is or will become indebted, liable and obligated to CCC;

AND WHEREAS pursuant to the terms of the Credit Documents (as hereinafter defined), Kae-Tech has entered into certain agreements including, without limitation, a demand debenture, a share pledge agreement, conditional assignments of trademarks, assignments of patents and an assignment of accounts, (collectively, as the same may be amended,

- 2 -

supplemented, restated, replaced, extended or renewed from time to time, the "Security Documents") to secure the payment and performance of the obligations of Kae-Tech to the Lenders;

AND WHEREAS pursuant to the terms of subscription agreements dated the date hereof, Kae-Tech has issued warrants (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "Warrants") to each of NB, NB Equity and CCC;

AND WHEREAS Kae-Tech is a party to the unanimous securityholders' agreement (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "Securityholders' Agreement") dated as of the date hereof between all of the holders of securities of Kae-Tech;

AND WHEREAS pursuant to the terms and conditions of an intercreditor agreement made as of the date hereof among the Assignor, Kae-Tech, the Agent, the Senior Lender, NB, NB Equity, CCC, Hair Club for Men, Ltd., Inc. ("Hair Club"), HCM Industries Inc. ("HCM"), Syam Enterprises, Ltd. ("Syam"), First Lady International Corporation ("FLIC") and Emperor (Far East) Limited ("Emperor"), the Agent has agreed to act as security agent for and on behalf of the Senior Lender, NB, NB Equity and CCC (collectively, the "Lenders");

AND WHEREAS the Assignor has issued a guarantee dated as of the date hereof in favour of the Agent (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "Guarantee"), providing for the guarantee by the Assignor of all of the present and future obligations of Kae-Tech and any direct or indirect affiliate of Kae-Tech owing to one or more of the Agent and the Lenders, including under, *inter alia*, the Credit Agreement, NB Debenture, NB Equity Debenture and CCC Debenture (collectively, the "Credit Documents"), the Security Documents, the Warrants, the Securityholders' Agreement and all of the documents contemplated thereby and described therein;

AND WHEREAS to secure the obligations of the Assignor under the Guarantee, the Assignor has entered into a security and pledge agreement dated as of the date hereof with the Agent (as the same may be amended, supplemented, restated, replaced, extended or renewed from time to time, the "Security and Pledge Agreement");

AND WHEREAS each of Hair Club, HCM, Syam, FLIC and Emperor (the "Hair Club Entities") will be indebted to the Assignor from time to time pursuant to intercompany loans made to it by the Assignor, which loans (the "Permitted Intercompany Loans") (a) the Assignor is permitted to make under each of the Guarantee, the Security and Pledge Agreement and Intercreditor Agreement, and (b) will be evidenced by certain grid promissory notes of even date herewith (the "Notes") from each of the Hair Club Entities in favour of the Assignor;

AND WHEREAS as collateral security for the indebtedness owing by each of Hair Club, HCM, Syam and FLIC to the Assignor from time to time in respect of the Permitted Intercompany Loans, each of Hair Club, HCM, Syam and FLIC has executed a security and pledge agreement of even date herewith (collectively, the "Security") in favour of the Assignor;

AND WHEREAS the Assignor has agreed to (a) grant to the Agent, for and on behalf of the Lenders, a security interest in all amounts owing by the Hair Club Entities to the

- 3 -

Assignor in respect of Permitted Intercompany Loans as security for the Assignor's obligations under the Guarantee and (b) assign and transfer to the Agent all security agreements or collateral documents associated with the Permitted Intercompany Loans, including, without limitation, the Security;

NOW THEREFORE for valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Assignor and the Agent agree as follows:

1. The Assignor hereby assigns and transfers to the Agent, for and on behalf of the Lenders all of the Assignor's right, title and interest in and to (a)(i) all amounts owed to the Assignor by the Hair Club Entities in respect of Permitted Intercompany Loans, and (ii) the Notes, and (b) all security agreements or collateral documents associated in any way with such Permitted Intercompany Loans, including without limitation, the Security and all of the Assignor's security interest in and liens on any collateral securing the Hair Club Entities' obligations in respect of the Permitted Intercompany Loans.
2. The Assignor represents and warrants to the Agent that:
 - (a) all amounts advanced under the Permitted Intercompany Loans are, or will be, properly documented and evidenced by the Notes, secured under the Security (save and except those amounts advanced to Emperor) and made in accordance with the provisions of the Guarantee, the Security and Pledge Agreement and the Intercreditor Agreement;
 - (b) the Assignor has the right, power and authority to assign to the Agent (i) all amounts owing by the Hair Club Entities under the Permitted Intercompany Loans, (ii) the Notes and (iii) the Security;
 - (c) the Hair Club Entities are not in default with respect to any of the Permitted Intercompany Loans;
 - (d) the Assignor has made no prior assignment or other disposition of the Permitted Intercompany Loans or any interest therein and will not make or attempt to make any assignment of the Permitted Intercompany Loans, other than to the Agent; and
 - (e) all Permitted Intercompany Loans are and will remain free from all encumbrances other than encumbrances permitted under the terms of the Guarantee or Intercreditor Agreement ("Permitted Encumbrances"), and may be assigned to the Agent free and clear from any encumbrances other than Permitted Encumbrances.
3. The Assignor covenants to do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things in connection with this Assignment as the Agent may reasonably require from time to time for the purpose of giving effect to this Assignment, all immediately upon request of the Agent.
4. The provisions of this Assignment will enure to the benefit of the Lenders, the Agent and their respective successors and assigns and will bind the Assignor and its successors.

- 4 -

5. This Assignment shall be governed by, and interpreted in accordance with, the laws of the State of New York. The Assignor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the State of New York with respect to any matter arising under or related to this Assignment.

6. All covenants, agreements, warranties and representations set forth herein or in any certificate or other instrument or document delivered by or on behalf of the Assignor pursuant hereto shall be deemed to have been relied upon by the Agent notwithstanding investigations heretofore or hereafter made by the Agent or any of the Lenders and shall survive the execution of this Assignment and continue in full force and effect in accordance with the terms of this Agreement until the due, prompt and complete payment, performance and satisfaction of all amounts due or owing to any of the Lenders.

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

KAE-TECH USA, INC.

By: 

Name:

Title:

**NATIONAL BANK OF CANADA, in its
capacity as security agent**

By: 

Name:

Title:

The undersigned hereby acknowledge and consent to the foregoing assignment.

Dated as of the 18th day of May, 2000.

HAIR CLUB FOR MEN, LTD., INC.

By: 

Name:

Title:

HCM INDUSTRIES, INC.

By: _____

Name:

Title:

SYAM ENTERPRISES, LTD.

By: _____

Name:

Title:

FIRST LADY INTERNATIONAL CORPORATION

By: _____

Name:

Title:

EMPEROR (FAR EAST) LIMITED

By: _____

Name: Leslie Martin

Title: Director

The Director duly authorized by the
Board of Directors of Emperor (Far East)
Limited

Exhibit A

Trademark Name	US Reg./ Ser. #	Date Reg./ Filed
HCM INDUSTRIES	2151965	Apr 21, 1998
HAIR CLUB FOR MEN	1123852	Aug 7, 1979
HAIR CLUB	1317389	Jan 29, 1985
STRAND-BY-STRAND	1145319	Dec 30, 1980
I'M NOT ONLY THE HAIR CLUB PRESIDENT, I'M ALSO A CLIENT	1573996	Dec 26, 1989
HAIR CLUB FOR WOMEN	1903844	Jul 4, 1995
HCM	1667060	Dec 3, 1991
POLYFUSE	1728703	Oct 27, 1992
HAIR CLUB FOR KIDS	1830003	Apr 5, 1994
EXT GOING TO GREAT LENGTHS (DESIGN)	1982708	Jun 25, 1996
EXT GOING TO GREAT LENGTHS (TEXT ONLY)	1982707	Jun 25, 1996
PREFERRED CLIENT PROGRAM	2043632	Mar 11, 1997
"THE TIME IS RIGHT" HAIR CLUB FOR MEN	2053511	Apr 15, 1997
THE TIME IS RIGHT	2056220	Apr 22, 1997
POLY III	2116107	Nov 25, 1997
HC FOR WOMEN	2137505	Feb 17, 1998
DSIGNER SERIES	2213938	Dec 29, 1998
A NATURAL HAIR STYLE FOR AN ACTIVE LIFE	75-482555	May 11, 1998
FOLLEX	75-852025	Nov 18, 1999
MAXXAM	75-587913	Nov 13, 1998

Copyright Name	US Reg. #	Date Reg.
Hair Club for Men	TX-3-123-377	June 7, 1991