

07-11-2001

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Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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T 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):

The Athlete's Foot Group, Inc.
1950 Vaughn Road
Kennesaw, GA 30144

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

The Athlete's Foot Stores, Inc.

1950 Vaughn Road, Kennesaw, GA, 30144

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

2. Name and address of receiving party(ies)

Name: Wells Fargo Retail Finance, LLC,
Internal as Agent

Address: _____

Street Address: 1 Boston Place, 18th Floor

City: Boston State: MA Zip: 02108

- ☐ Individual(s) citizenship _____
☐ Association _____
☐ General Partnership _____
☐ Limited Partnership _____
☐ Corporation-State _____
☒ Other LLC

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: 6/28/01

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

A. Trademark Application No.(s)

USA 75-639474 ; 74-419277; 74-510813;
74-053016Additional number(s) attached ☐ Yes ☒ NoB. Trademark Registration No.(s) USA R1855396;
R1889497; R1988625; R1667041; R2392475

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

Name: Jessica Piotrowski

Internal Address: Paul, Hastings, Janofsky &
Walker, LLPStreet Address: 600 Peachtree St., N.E., Ste
2400

City: Atlanta State: GA Zip: 30308

6. Total number of applications and registrations involved: _____

9

7. Total fee (37 CFR 3.41).....\$ 240.00

- ☒ Enclosed
☒ Authorized to be charged to deposit account

8. Deposit account number:

16-0752

(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.

Jessica L. Piotrowski

Name of Person Signing

Signature

7/3/01
Date

18

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

07/11/2001 8TOM11 00000012 75639474

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 2023101 FC:481
02 FC:48240.00 DP
200.00 DPTRADEMARK
REEL: 002326 FRAME: 0095

INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is made as of June 29, 2001, by each of the parties listed on the signature pages hereof, as pledgors (collectively, the "Pledgors", and individually, a "Pledgor") and Wells Fargo Retail Finance, LLC, in its capacity as administrative agent for the Lender Group (as defined in the Loan Agreement described below) (the "Agent").

WITNESSETH:

WHEREAS, The Athlete's Foot Stores, Inc., a Pennsylvania corporation (the "Borrower"), the lenders signatory thereto (together with any other financial institution which subsequently becomes a "Lender" thereunder, collectively, the "Lenders"), and the Agent (the Agent and the Lenders, individually and collectively, the "Lender Group") are parties to that certain Loan and Security Agreement, of even date herewith (as the same may be hereafter amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"); and

WHEREAS, the Agent has agreed to act as administrative agent for the benefit of the Lender Group in connection with the transactions contemplated by the Loan Agreement; and

WHEREAS, each Pledgor (other than the Parent) is a direct Subsidiary of the Parent, and each Pledgor has determined that its execution, delivery and performance of this Agreement directly or indirectly benefits, and is within the corporate or other purposes and in the best interests of such Pledgor; and

WHEREAS, in consideration for, among other things, the execution of the Loan Agreement by each member of the Lender Group and to induce the members of the Lender Group to make Advances thereunder and to arrange for the issuance of Letters of Credit for the account of the Borrower from time to time, and to secure the full and prompt payment and performance of among other things, (a) the obligations of each Pledgor arising from this Agreement and the obligations of Parent under its Guaranty of even date herewith and (b) all of the Obligations (as defined in the Loan Agreement) of the Borrower under the Loan Agreement and the other Loan Documents (including, without limitation, any interest, fees and other charges in respect of the Loan Documents that would accrue but for the filing of an Insolvency Proceeding with respect to the Borrower, whether or not such claim is allowed in such Insolvency Proceeding)((a) and (b) being hereinafter together referred to as the "Secured Obligations");

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

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Loan Agreement shall have the meaning specified for such term in the Loan Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and paragraph references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Incorporation of the Loan Agreement. The Loan Agreement and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto.

4. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Secured Obligations, each Pledgor hereby grants to the Agent, a continuing security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, in all of such Pledgor's right, title and interest in and to such Pledgor's now owned or owned in the future: (i) trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, trade names, registered trademarks, trademark applications, registered service marks and service mark applications listed on Schedule 1 attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) the goodwill of such Pledgor's business symbolized by the foregoing and connected therewith, and (e) all of such Pledgor's rights corresponding thereto throughout the world (all of the foregoing trademarks, trade names, registered trademarks and trademark applications, service marks, registered service marks and service mark applications, together with the items described in clauses (a)-(e) in this paragraph 4(i), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and (ii) all proceeds of any and all of the foregoing, including, without limitation, license royalties and proceeds of infringement suits.

5. Grant of Security Interest in Patents. To secure the complete and timely payment, performance and satisfaction of all of the Secured Obligations, each Pledgor hereby grants to the Agent, a continuing security interest, as and by way of a first mortgage and security interest having priority over all other security interests, with power

of sale to the extent permitted by applicable law, in all of such Pledgor's right, title and interest in and to such Pledgor's now owned or owned in the future: (i) patents and patent applications, including, without limitation, the patents and patent applications listed on Schedule 2 attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, and (d) all of such Pledgor's rights corresponding thereto throughout the world (all of the foregoing patents and patent applications, together with the items described in clauses (a)-(d) in this paragraph 5(i), are sometimes hereinafter individually and/or collectively referred to as the "Patents"); and (ii) all proceeds of any and all of the foregoing, including, without limitation, license royalties and proceeds of infringement suits.

6. Security Interest in Copyrights. To secure the complete and timely payment, performance and satisfaction of all the Secured Obligations, each Pledgor hereby grants to the Agent, a continuing security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, in all of such Pledgor's right, title and interest in and to such Pledgor's now owned or owned in the future: (i) copyrights and copyright registrations, including, without limitation, the copyright registrations and recordings thereof and all applications in connection therewith listed on Schedule 3 attached hereto and made a part hereof, and (a) all reissues, continuations, extensions or renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) the goodwill of such Pledgor's business symbolized by the foregoing and connected therewith, and (e) all of such Pledgor's rights corresponding thereto throughout the world (all of the foregoing copyrights and copyright registrations, together with the items described in clauses (a)-(e) in this paragraph 6(i), are sometimes hereinafter individually and/or collectively referred to as the "Copyrights"); and (ii) all products and proceeds of any and all of the foregoing, including, with limitation, licensed royalties and proceeds of infringement suits.

7. Grant of Security Interest in Trademark, Copyrights and Patent Licenses. To secure the complete and timely payment, performance and satisfaction of all of the Secured Obligations, each Pledgor hereby grants to the Agent, a continuing security interest, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, in all of such Pledgor's right, title and interest in and to such Pledgor's now owned or owned in the future rights under or interest in any patent, trademark or copyright license agreements with any other party, whether such Pledgor is a licensee or licensor under any such license agreement, including, without limitation, license agreements listed on

Schedule 4 attached hereto and made a part hereof, and the right to use the foregoing in connection with the enforcement of the Agent's rights under the Loan Agreement, including without limitation, the right to prepare for sale and sell any and all Inventory and Equipment now or hereafter owned by such Pledgor and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this paragraph 7, the grant of a security interest in the Licenses shall not include any license agreement in effect as of the date hereof which by its terms prohibits the grant of the security interest contemplated by this Agreement; provided, however, that upon the termination of such prohibitions for any reason whatsoever, the provisions of this paragraph 7 shall be deemed to apply thereto automatically; and provided, further however, that such Pledgor shall fully disclose to the Agent all such prohibitions and shall promptly notify the Agent upon the termination of such prohibitions.

8. Restrictions on Future Agreements. Each Pledgor will not, without the Agent's prior written consent, which shall not be unreasonably withheld, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and each Pledgor further agrees that it will not take any action, and will use commercially reasonable efforts not to permit any action to be taken by others subject to its control, including, without limitation, licensees, or fail to take any action, which would in any material respect adversely affect the validity or enforcement of the rights granted to the Agent under this Agreement or the rights associated with the Trademarks, the Patents, the Copyrights or the Licenses.

9. New Trademarks, Copyrights, Patents and Licenses. Each Pledgor represents and warrants that, as of the Closing Date, (a) the Trademarks listed on Schedule 1 under such Pledgor's name include all of the trade names, registered trademarks, trademark applications, registered service marks and service mark applications now owned or held by such Pledgor, (b) the Patents listed on Schedule 2 under such Pledgor's name include all of the patents and patent applications now owned or held by such Pledgor, (c) the Copyrights listed on Schedule 3 under such Pledgor's name include all of the copyright registrations now owned or held by such Pledgor in whole or in part and that the Copyrights are subsisting and have not been adjudged invalid or unenforceable, (d) the Licenses listed on Schedule 4 under such Pledgor's name include all of the patent, trademark or copyright license agreements under which such Pledgor is the licensee or licensor, and (e) no Liens, claims or security interests, changes or encumbrances in such Trademarks, Patents, Copyrights or Licenses have been granted by such Pledgor to any Person other than the Agent and except as disclosed in the Loan Agreement. If, prior to the termination of this Agreement, such Pledgor shall (i) obtain rights to or become entitled to the benefit of any new trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (ii) obtain rights to or become entitled to the benefit of any new patent or patent application or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent, (iii) obtain rights to or become entitled to the benefit of any new copyrights or copyright registrations, (iv)

obtain rights to or become entitled to the benefit of any new trademark, patent or copyright license agreements, whether as licensee or licensor, or license renewals, or (iv) enter into any new license agreement, the provisions of paragraph 4, 5, 6 and 7 above shall automatically apply thereto (to the extent permitted by licensors under agreements in connection with the granting of such licenses). Each Pledgor shall give to the Agent written notice of events described in clauses (i), (ii), (iii), (iv) and (v) of the preceding sentence promptly after the occurrence thereof. Each Pledgor hereby authorizes the Agent to modify this Agreement unilaterally (i) by amending Schedule 1 to include any future trademarks, trade names, registered trademarks, trademark applications, service marks, registered service marks and service mark applications that are Trademarks under paragraph 4 above or under this paragraph 9, (ii) by amending Schedule 2 to include any future patents and patent applications, which are Patents under paragraph 5 above or under this paragraph 9, (iii) by amending Schedule 3 to include any future copyrights and copyright registrations and recordings thereof and all applications in connection therewith, which are Copyrights under paragraph 6 above or under this paragraph 9, (iv) by amending Schedule 4 to include any future trademark, patent or copyright license agreements that are Licenses under paragraph 7 above or under this paragraph 9, and (v) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule 1 thereto, as the case may be, such future trademarks, tradenames, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and containing on Schedule 2 thereto, as the case may be, such future patents and patent applications, and containing on Schedule 3 thereto, such future copyrights and copyright registrations and containing on Schedule 4 thereto, as the case may be, such future license agreements.

10. Royalties. Each Pledgor hereby agrees that the use by the Agent of the Trademarks, Patents, Copyrights and Licenses as authorized hereunder in connection with the Agent's exercise of its rights and remedies under paragraph 19 or pursuant to any Loan Document shall be coextensive with such Pledgor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Agent to such Pledgor.

11. Further Assignments and Security Interest. Each Pledgor agrees (i) not to sell or assign any of its interests in, or grant any security interest in or license under, the Trademarks, the Copyrights or the Patents in favor of any Person other than the Agent without the prior and express written consent of the Agent and (ii) not to sell or assign its respective interests in the Licenses without the prior and express written consent of the Agent.

12. Nature and Continuation of the Agent's Security Interest; Termination of the Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks, Patents, Copyrights and Licenses and shall terminate only when the Secured Obligations have been paid in full in cash or otherwise satisfied to the satisfaction of the Agent and the commitment of the Lenders to make advances under the Loan Agreement has been terminated. When this Agreement has terminated, the Agent shall promptly execute and

deliver to the appropriate Pledgor, at the appropriate Pledgor's expense, all termination statements and other instruments as may be necessary or proper to terminate the Agent's security interest in the Trademarks, Patents, Copyrights and Licenses, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement or any other agreement between the Pledgors and the Agent.

13. Duties of each Pledgor. Each Pledgor shall have the duty, to the extent desirable in the normal conduct of such Pledgor's business, (a) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (b) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, and (c) to take all reasonable and necessary action to preserve and maintain all of such Pledgor's rights in the Trademarks, the Patents, the Copyrights and the Licenses. Each Pledgor further agrees (i) not to abandon any Trademark, Patent, Copyright or License that is necessary or economically desirable in the operation of such Pledgor's business without the prior written consent of the Agent, and (ii) to use its commercially reasonable efforts to maintain in full force and effect the Trademarks, Patents, Copyrights and Licenses that are or shall be necessary or economically desirable in the operation of such Pledgor's business. Any expenses incurred in connection with the foregoing shall be borne by the appropriate Pledgor. The Agent shall not have any duty with respect to the Trademarks, the Patents, the Copyrights or the Licenses. Without limiting the generality of the foregoing, the Agent shall not be under any obligation to take any steps necessary to preserve rights in the Trademarks, the Patents, the Copyrights or the Licenses against any other parties, but the Agent may do so at its option from and after the occurrence and during the continuance of an Event of Default, and all expenses incurred in connection therewith shall be for the sole account of the appropriate Pledgor and shall be added to the Secured Obligations secured hereby.

14. Indemnification by the Pledgors. Each Pledgor hereby agrees to indemnify and hold harmless the Agent for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including, without limitation, reasonable attorneys' fees) of any kind whatsoever which may be imposed on, incurred by or asserted against the Agent in connection with or in any way arising out of any suits, proceedings or other actions, relating to any or all of the Trademarks, the Patents, the Copyrights or the Licenses (including, without limitation, whether brought by any Pledgor or any other Person, suits, proceedings or other actions in which an allegation of liability, strict or otherwise, is or may be made by any Person who alleges or may allege having suffered damages as a consequence of alleged improper, imprudent, reckless, negligent, willful, faulty, defective or substandard design, testing, specification, manufacturing supervision, manufacturing defect, manufacturing deficiency, publicity or advertisement or improper use, howsoever arising or by whomsoever caused, of any inventions disclosed and claimed in the Patents or any of them); unless with respect to any of the above, the Agent is judicially determined to have acted or failed to act with gross negligence or willful misconduct. The indemnification in this paragraph shall survive the termination of this Agreement.

15. The Agent's Right to Sue. From and after the occurrence and during the continuance of an Event of Default, the Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks, the Patents, the Copyrights and the Licenses and, if the Agent shall commence any such suit, the appropriate Pledgor shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents reasonably required by the Agent in aid of such enforcement. The appropriate Pledgor shall, upon demand, promptly reimburse the Agent for all reasonable costs and expenses incurred by the Agent in the exercise of its rights under this paragraph 15 (including, without limitation, fees and expenses of attorneys and other professionals for the Agent).

16. Waivers. The Agent's failure, at any time or times hereafter, to require strict performance by any Pledgor of any provision of this Agreement shall not waive, affect or diminish any right of the Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between any Pledgor and the Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of any Pledgor contained in this Agreement shall be deemed to have been suspended or waived by the Agent unless such suspension or waiver is in writing signed by an officer of the Agent, and directed to the Pledgor to which such suspension or waiver applies and specifying such suspension or waiver.

17. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

18. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 9 hereof or by a writing signed by the parties hereto.

19. Power of Attorney; Cumulative Remedies.

(a) Each Pledgor hereby irrevocably designates, constitutes and appoints the Agent (and all officers and agents of the Agent designated by the Agent in its sole and absolute discretion) as such Pledgor's true and lawful attorney-in-fact, and authorizes the Agent and any of the Agent's designees, in such Pledgor's or the Agent's name, upon the occurrence and during the continuation of an Event of Default to take any action and execute any instrument necessary or reasonably advisable to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse such Pledgor's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the Trademarks, the Patents, the Copyrights or the Licenses, (ii)

assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks, the Patents, the Copyrights or the Licenses to anyone, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks, the Patents, the Copyrights or the Licenses to anyone, and (iv) take any other actions with respect to the Trademarks, the Patents, the Copyrights or the Licenses as the Agent deems in its best interest for the payment of the Secured Obligations. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until this Agreement is terminated. Each Pledgor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Agent under the Loan Agreement or any other Loan Document, but rather is intended to facilitate the exercise of such rights and remedies.

(b) The Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks, the Patents, the Copyrights or the Licenses may be located or deemed located. Upon the occurrence and during the continuance of an Event of Default and the election by the Agent to exercise any of its rights and remedies under the applicable sections of the Uniform Commercial Code as in effect in the applicable jurisdiction with respect to the Trademarks, the Patents, the Copyrights or the Licenses, each Pledgor agrees to assign, convey and otherwise transfer title in and to the Trademarks, the Patents, the Copyrights and the Licenses, to the Agent or any transferee of the Agent and to execute and deliver to the Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's rights and remedies with respect to the Trademarks, the Patents, the Copyrights and the Licenses, whether established hereby, by the Loan Agreement or by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence and during the continuance of an Event of Default, the Agent may exercise any of the rights and remedies provided in this Agreement, the Loan Agreement or any of the other Loan Documents. To the extent permitted by applicable law, each Pledgor agrees that any notification of intended disposition of any of the Trademarks, the Patents, the Copyrights or the Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) calendar days before such disposition; provided, however, that the Agent may give any shorter notice that is commercially reasonable under the circumstances.

20. Successors and Assigns. This Agreement shall be binding upon each Pledgor and the Agent and their respective successors and assigns, and shall inure to the benefit of the Agent and its nominees, successors and assigns. Each Pledgor's successors and assigns shall include, without limitation, a receiver or a trustee or successor in interest of such Pledgor in the Chapter 11 Case or any subsequent case commenced under Chapter 7 of the Bankruptcy Code; provided, however, that such Pledgor shall not

voluntarily assign or transfer its rights or obligations hereunder without the Agent's prior written consent.

21. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the laws and decisions of the State of Georgia without reference to the conflicts or choice of law principles thereof.

22. Notices. All notices or other communications hereunder shall be given in the form and manner and to the addresses set forth in the Loan Agreement.

23. Paragraph Titles. The paragraph titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

24. Agent. The powers conferred on the Agent hereunder are solely to protect its interest in the Trademarks, Patents, Copyrights and Licenses and shall not impose any duty upon the Agent to exercise any such powers. Each reference herein to any right granted to, benefit conferred upon or power exercisable by the "Agent" shall be a reference to the Agent for the ratable benefit of the Lenders, and each action taken or right exercised hereunder shall be deemed to have been so taken or exercised by the Agent for the ratable benefit of the Lenders.

25. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of a counterpart hereof via facsimile transmission shall be effective as delivery of a manually executed counterpart of this Agreement hereof.

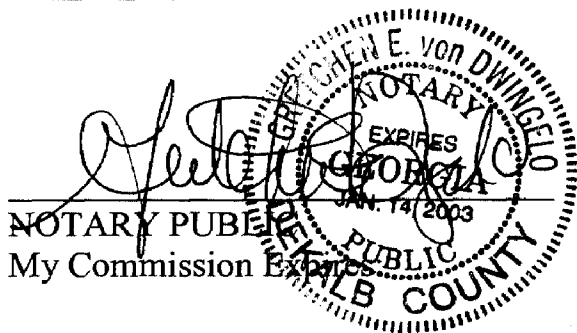
26. Merger. This Agreement, together with the other Loan Documents, represents the final agreement of each of the Pledgors and the Agent with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between any Pledgor and the Agent.

27. Effectiveness. This Agreement shall become effective on the Closing Date.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

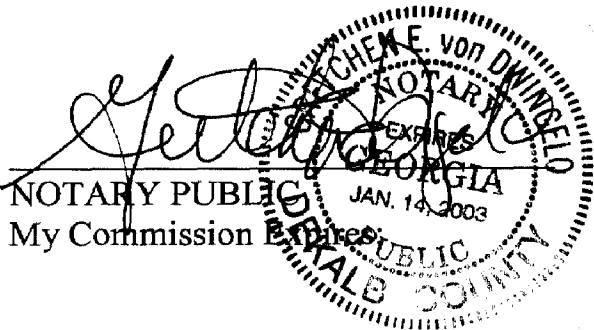
Sworn to and subscribed
before me this 28th day
of June, 2001



THE ATHLETE'S FOOT GROUP, INC.,
as a Pledgor

By: [Signature]
Name: Robert J. Galiss
Title: Pres. & CEO

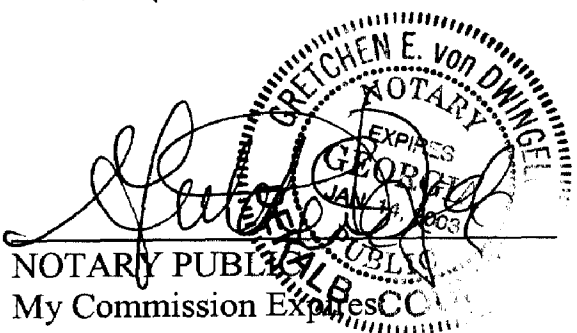
Sworn to and subscribed
before me this 28th day
of June, 2001



ATHLETE'S FOOT STORES, INC.,
as a Pledgor

By: [Signature]
Name: Robert J. Galiss
Title: Pres. & CEO

Sworn to and subscribed
before me this 28th day
of June, 2001



WELLS FARGO RETAIL FINANCE, LLC,
as Agent

By: [Signature]
Name: Joseph Becker
Title: Vice President

SCHEDULE 1**Current Trademarks and Trademark Applications**

<u>PLEDGOR</u>	<u>COUNTRY/ STATE</u>	<u>MARK</u>	<u>SERIAL NO. OR REGISTRATION NO.</u>	<u>APP/REG DATE</u>
The Athlete's Foot Group, Inc.	USA	Post Season	R1855396	9/20/94
The Athlete's Foot Group, Inc.	USA	Sports Wrap	R1889497	4/11/95
The Athlete's Foot Group, Inc.	USA	** Design Only **	R1988625	7/23/96
The Athlete's Foot Stores, Inc.	USA	The Locker Room	R1667041	12/03/91
The Athlete's Foot Stores, Inc.	USA	Locker Room	R2392475	10/10/00
The Athlete's Foot Stores, Inc.	USA	The Locker Room	75-639474	2/5/99
The Athlete's Foot Stores, Inc.	CA	The Locker Room	R37070 6063 renewal #	6/29/90 6/29/00
The Athlete's Foot Stores, Inc.	OR	The Locker Room	RT21411	2/23/87 renewed 2/21/92
The Athlete's Foot Stores, Inc.	OR	The Locker Room	RS31513	5/7/97
The Athlete's Foot Stores, Inc.	WA	The Locker Room	R26057	5/5/97

Trade Names

The Athlete's Foot

Trademarks Not Currently In Use

<u>PLEDGOR</u>	<u>COUNTRY/ STATE</u>	<u>MARK</u>	<u>SERIAL NO. OR REGISTRATION NO.</u>	<u>APP/REG DATE</u>
The Athlete's Foot Group, Inc.	USA	Sports Wrap	74-419277	Abandoned 11/18/95
The Athlete's Foot Group, Inc.	USA	Athletic Footwear Liquidators	74-510813	Abandoned 3/13/96
The Athlete's Foot Stores, Inc.	USA	The Locker Room	74-053016	Abandoned 11/17/93
The Athlete's Foot Stores, Inc.	WA	The Locker Room	R17037	2/19/87 expired 2/19/97

SCHEDULE 2

Patents

None

Patent Applications

None

SCHEDULE 3

Copyrights

None

SCHEDULE 4

Licenses

Operating Agreement dated May 1, 1997 as amended between Athlete's Foot Marketing Associates, Inc. and Borrower.