

08-28-2001

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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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):

Impact, Inc.

7-22-01

- 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 Patent, Trademark & Copyright Mortgage
 - Merger
 - Change of Name
- Execution Date: July 31, 2001

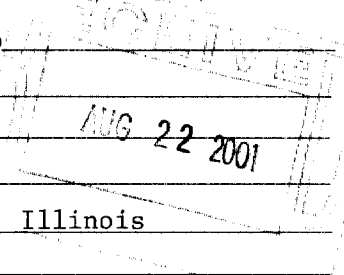
2. Name and address of receiving party(ies)

Name: Congress Financial Corporation
Internal (Central)
Address: _____

Street Address: 150 S. Wacker Dr., Ste. 2200
City: Chicago State: IL Zip: 60606

- Individual(s) citizenship: _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State Illinois
- 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)

B. Trademark Registration No.(s)

1450860

Additional number(s) attached Yes No

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

Name: Maisha Gibson

Internal Address: _____

Street Address: Goldberg, Kohn et al

55 E. Monroe St., 37th Floor

City: Chicago State: IL Zip: 60603

6. Total number of applications and registrations involved: _____

5

7. Total fee (37 CFR 3.41).....\$140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Maisha Gibson
Name of Person Signing

Maisha Gibson
Signature

August 20, 2001
Date

Total number of pages including cover sheet, attachments, and document: 7

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

08/28/2001 LMUELLER 00000015 1450860

01 FC:481 40.00 DP
02 FC:482 100.00 DP

TRADEMARK
REEL: 002361 FRAME: 0816

**Impact, Inc. Trademarks
Continuation of Item 4**

Name of Trademark	Registration Number	Application Number
Class Act	1454215	
Class Act	1472285	
Pencilworks	1544430	
Fabulous Favors	1959166	

**PATENT, TRADEMARK
AND COPYRIGHT MORTGAGE**

THIS PATENT, TRADEMARK AND COPYRIGHT MORTGAGE (the "Mortgage") made as of this 31st day of July, 2001, by Impact, Inc., a Delaware corporation, with its principal place of business and chief executive office at 585 Slawin Court, Mount Prospect, Illinois 60056-2183 ("Mortgagor") in favor of Congress Financial Corporation (Central) ("Congress"), with an office at 150 South Wacker Drive, Suite 2200, Chicago, Illinois 60606, in its capacity as Collateral Agent ("Mortgagee"):

W I T N E S S E T H

WHEREAS, Hedstrom Corporation ("U.S. Borrower"), Congress and Mortgagee are parties to a certain Loan and Security Agreement of even date herewith, as amended and supplemented (the "Loan Agreement") and other related loan documents of even date herewith (collectively, with the Loan Agreement, the "Financing Agreements"), which Financing Agreements provide for Congress to, from time to time, extend credit to or for the account of U.S. Borrower;

WHEREAS, contemporaneously herewith (i) Mortgagor is guaranteeing the obligations of U.S. Borrower to Congress; (ii) Mortgagor is guaranteeing the obligations of Backyard Products Limited to Congress Financial Corporation (Canada), and (iii) pursuant to a General Security Agreement of even date herewith (as the same may be amended or otherwise modified from time to time, the "Security Agreement"), Mortgagor is granting to Mortgagee a security interest in certain of Mortgagor's assets, including, without limitation, its patents, patent applications, trademarks, trademark applications, trade names, service marks, service mark applications, goodwill and licenses;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Mortgagor agrees as follows:

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Financing Agreements.

2. Mortgage of Patents, Trademarks and Copyrights. To secure the complete and timely satisfaction of all of the Obligations (as defined in the Security Agreement), Mortgagor hereby grants a security interest in and mortgages to Mortgagee, as and by way of a mortgage and security interest, with power of sale during the continuance of an Event of Default, to the extent permitted by law, all of Mortgagor's right, title and interest in and to all of its now existing and hereafter created or acquired (the "Intellectual Property"):

(i) patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, and those patents listed on Exhibit A attached hereto and hereby made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, damages and payments now and hereafter due or payable under or with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing patents and applications, together with the items described in clauses (a)-(d) of this subsection 2(i), are sometimes hereinafter referred to individually as a "Patent" and, collectively, as the "Patents");

(ii) trademarks, trademark registrations, trademark applications, trade names and tradestyles, service marks, service mark registrations, service mark applications and brand names, including, without limitation, the trademarks, trade names, service marks and applications and registrations thereof listed on Exhibit B attached hereto and hereby made a part hereof, and (a) renewals or extensions, thereof, (b) all income, damages and payments now and hereafter due or payable with respect thereto, including, without limitation, damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all rights corresponding thereto throughout the world (all of the foregoing trademarks, trade names, service marks and applications and registrations thereof, together with the items described in clauses (a)-(d) of this subsection 2(ii), are sometimes hereinafter referred individually as a "Trademark" and, collectively, as the "Trademarks");

(iii) copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, including, without limitation, the copyright registrations and applications listed on Exhibit C attached hereto and made a part hereof, and all renewals of any of the foregoing, all income, royalties, damages and payments now and hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Copyrights"); and

(iv) the goodwill of Mortgagor's business connected with and symbolized by the Trademarks.

3. Warranties and Representations. Mortgagor warrants and represents to Mortgagee that:

(i) no material Patent, Trademark or Copyright has been adjudged invalid or unenforceable nor has any such material Patent, Trademark or Copyright been cancelled, in whole or in part and each such material Patent, Trademark and Copyright is presently subsisting;

(ii) each material Patent, Trademark and Copyright is valid and enforceable;

(iii) Except for liens permitted by the Loan Agreement, Mortgagor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each material Patent, Trademark and Copyright, free and clear of any liens, charges and encumbrances, including without limitation licenses, shop rights and covenants by Mortgagor not to sue third persons;

(iv) Mortgagor has no notice of any suits or actions commenced or threatened with reference to the material Patents, Trademarks or Copyrights; and

4. Intentionally Omitted.

5. New Patents, Trademarks and Copyrights. Mortgagor represents and warrants that the Patents, Trademarks and Copyrights listed on Exhibits A, B and C, respectively, constitute all of the registered (or for which registration has been applied for) Patents, Trademarks and Copyrights now owned by Mortgagor. If, before the Obligations shall have been satisfied in full or before the Financing Agreements have been terminated, Mortgagor shall (i) become aware of any existing registered (or for which registration has been applied for) Patents, Trademarks and Copyrights of which Mortgagor has not previously informed Mortgagee, (ii) obtain rights to any new material patentable inventions, Patents, Trademarks, copyrightable works or Copyrights or any new registered (or for which registration has been applied for) Patents, Trademarks or Copyrights, or (iii) become entitled to the benefit of any Patents, Trademarks or Copyrights which benefit is not in existence on the date hereof, the provisions of this Mortgage above shall automatically apply thereto and Mortgagor shall give to Mortgagee prompt written notice thereof. Mortgagor hereby authorizes Mortgagee to modify this Mortgage by amending Exhibits A, B and C, as applicable, to include any such Patents, Trademarks and Copyrights.

6. License, Royalties and Term. Mortgagor irrevocably grants Mortgagee, during the continuance of an Event of Default, a license to use all Intellectual Property in connection with the maintenance, preservation, preparation, sale, disposition, collection, foreclosure or other realization of, upon, or with respect to the Collateral (as defined in the Security Agreement) in accordance with the Financing Agreements. The term of the mortgages and license granted herein shall extend until the earlier of (i) the expiration of each of the respective Patents, Trademarks and Copyrights assigned hereunder, and (ii) the payment in full of the Obligations and the termination of the Financing Agreements. Mortgagor agrees that during the continuance of an Event of Default, the use by Mortgagee

of all Patents, Trademarks and Copyrights shall be worldwide, except as limited by their terms, and without any liability for royalties or other related charges from Mortgagee to Mortgagor.

7. Product Quality. Mortgagor agrees to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices. During the continuance of an Event of Default, Mortgagor agrees that Mortgagee, or a conservator appointed by Mortgage, shall have the right to establish such additional product quality controls as Mortgagee, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Mortgagor under the Trademarks.

8. Release of Mortgage. This Mortgage is made for collateral purposes only. Upon payment in full of the Obligations and termination of the Financing Agreements, Mortgagee shall execute and deliver to Mortgagor all deeds, assignments and other instruments, and shall take such other actions, as may be necessary or proper to re-vest in Mortgagor full title to the Patents, Trademarks and Copyrights, subject to any disposition thereof which may have been made by Mortgagee pursuant to the Financing Agreements.

9. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Mortgagor. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Mortgagee in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents, Trademarks and Copyrights, or in defending or prosecuting any actions or proceedings arising out of or related to the Patents, Trademarks and Copyrights, shall be borne by and paid by Mortgagor and shall be charged against the Obligations.

10. Duties of Mortgagor. Except to the extent, in its reasonable business judgment, it determines not to take the following actions, Mortgagor shall have the duty (i) to file and prosecute diligently any patent, trademark, copyright or service mark applications pending as of the date hereof or hereafter until the Obligations shall have been paid in full and the Financing Agreements have been terminated, (ii) to make application on unpatented but patentable inventions, on all uncopyrighted but copyrightable works, and on trademarks and service marks, as commercially reasonable, (iii) to preserve and maintain all rights in the Patents, Trademarks and Copyrights, as commercially reasonable, and (iv) to ensure that the Patents, Trademark and Copyrights are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Mortgagor's obligations under this Section 10 shall be borne by Mortgagor.

11. Mortgagee's Right to Sue. During the continuance of an Event of Default, Mortgagee shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Patents, Trademarks and Copyrights, and, if Mortgagee shall

commence any such suit, Mortgagor shall, at the request of Mortgagee, do any and all lawful acts and execute any and all proper documents required by Mortgagee in aid of such enforcement and Mortgagor shall promptly, upon demand, reimburse and indemnify Mortgagee for all costs and expenses (including reasonable attorneys fees) incurred by Mortgagee in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Mortgagor and Mortgagee, nor any failure to exercise, nor any delay in exercising, on the part of Mortgagee, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Mortgage 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 thereof, 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 Mortgage in any jurisdiction.

14. Modification. This Mortgage cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Mortgagee's rights and remedies with respect to the Patents, Trademarks and Copyrights, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Mortgagor hereby authorizes Mortgagee during the continuance of an Event of Default, to make, constitute and appoint any officer or agent of Mortgagee as Mortgagee may select, in its sole discretion, as Mortgagor's true and lawful attorney-in-fact, with power to (i) endorse Mortgagor's name on all applications, documents, papers and instruments necessary or desirable for Mortgagee in the use of the Patents, Trademarks and Copyrights, or (ii) take any other actions with respect to the Patents, Trademarks and Copyrights as Mortgagee deems to be in the best interest of Mortgagee, or (iii) grant or issue any exclusive or non-exclusive license under the Patents, Trademarks and Copyrights to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Patents, Trademarks and Copyrights to anyone. Mortgagor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations shall have been paid in full and the Financing Agreements, have been terminated. Mortgagor acknowledges and agrees that this Mortgage is not intended to limit or restrict in any way the rights and remedies of Mortgagee under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Mortgagee shall have, in addition to all other rights and remedies given it by the terms of this Mortgage and

the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

16. Binding Effect; Benefits. This Mortgage shall be binding upon Mortgagor and its respective successors and assigns, and shall inure to the benefit of Mortgagee, its successors, nominees and assigns.

17. Governing Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Illinois.

18. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

19. Further Assurances. Mortgagor agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Mortgagee shall reasonably request from time to time in order to carry out the purpose of this Mortgage and agreements set forth herein.

20. Survival of Representations. All representations and warranties of Mortgagor contained in this Mortgage shall survive the execution and delivery of this Mortgage and shall be remade on the date of each borrowing under the Financing Agreements.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage in favor of Mortgagee as of the date first written above.

IMPACT, INC.

By David F. Crowley
Its CFO

EXHIBIT A

PATENTS

NONE

HEDSTRON CORPORATION
IMFACT, INC.

ERO INDUSTRIES, INC.

EXHIBIT B

U.S. Trademark Registrations

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE	NEXT ACTION DUE	DESCRIPTION OF GOODS
CORAL	912,793	06/08/71	06/08/01 (in grace period)	Swim masks and snorkels
MOVING S DESIGN	1,337,916	05/28/85	05/28/05	Luggage, duffel bags, backpacks and backpacks which contain a thermally insulated compartment for food and beverages
BIG CHILL	1,350,695	07/23/85	07/23/05	Soft walled thermally insulated containers for food and beverages
LI'L CHILL	1,350,698	07/23/85	07/23/05	Soft walled thermally insulated containers for food and beverages
SNACK PACK	1,366,678	10/22/85	10/22/05	Backpack which contains a thermally insulated compartment for food and beverages
HIGH RIDGE	1,429,233	02/17/87	02/17/07	Backpacks
CLASS ACT*	1,450,860	08/04/87	08/04/07	Locker shelves
CLASS ACT*	1,454,215	08/25/87	08/25/07	Books in the form of daily/monthly planners, portfolios and looseleaf binder dividers
CLASS ACT*	1,472,285	01/12/88	01/12/08	Backpacks, tote bags and duffel bags
DRINK CHILL	1,480,839	03/15/88	03/15/08	Soft sided thermally insulated

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE	NEXT ACTION DUE	DESCRIPTION OF GOODS
				containers for beverages
PENCILWORKS*	1,544,430	06/20/89	06/20/09	Stationery items, namely, pencil and pencil sharpener sets
JUMBO STICK-UPS	1,634,015	02/05/91	02/05/11	Adhesive decals for decorating walls
CORAL	1,696,176	06/23/92	06/23/02	Bathing caps (Class 25)
				Kickboard flotation devices for recreational use; arm swim floats for recreational use; water games; namely, pool ring toss and relay rings, and swim goggles (Class 28)
WIZ TOO!	1,752,563	02/16/93	02/16/03	Soft walled bags; namely, school bags, all purpose sport bags and back packs
FABULOUS FAVORS*	1,959,166	02/27/96	02/27/02	Party favors, namely small toys made out of paper and plastic
MINI-STICKUPS	1,981,785	06/18/96	06/18/02	Adhesive decals for decorating walls
H ₂ O WORKS	2,014,197	11/05/96	11/05/02	Aquatic exercise equipment, namely flotation belts, gloves, weight bars, paddles and barbells
BORDER STICK-UPS	2,028,017	12/31/96	12/31/02	Adhesive decals
BOX BLASTER	2,037,670	02/11/97	02/11/03	Pencil cases incorporating sound making devices
BAG BLASTERS	2,039,296	02/18/97	02/18/03	Knapsacks incorporating sound

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TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE	NEXT ACTION DUE	DESCRIPTION OF GOODS
				making devices in the nature of radios, audio cassette players, compact disc players and the like
WATERWARE	2,049,678	04/01/97	04/01/03	Swim masks, goggles, fins and snorkels
SNO-SPEEDSTER	2,074,537	06/24/97	06/24/03	Snow sleds
SURE LOCK	2,128,400	01/13/98	01/13/04	Plastic sandwich bags
MEASURE ME! GROWTH CHART	2,130,986	01/20/98	01/20/04	Adhesive stickers and decals
FUNNY FACE	2,141,468	03/03/98	03/03/04	Swim masks
MINI-BLIND STICKUPS	2,143,683	03/10/98	03/10/04	Adhesive decals
SLIDE-N-STRIKE	2,143,488	03/10/98	03/10/04	Water game
DECORATE MY WORLD	2,145,416	03/10/98	03/10/04	Adhesive decals
TOUCH TUNES	2,161,860	06/02/98	06/02/04	Backpacks
IMPACT INTERACTIVE	2,182,750	08/18/98	08/18/04	Telephones and calculators in Class 9 Backpacks in Class 18
WATERWRAPS	2,184,797	08/25/98	08/25/04	Sunglasses
BATH STICK UPS	2,190,135	09/15/98	09/15/04	Adhesive decals

TRADEMARK	REGISTRATION NUMBER	REGISTRATION DATE	NEXT ACTION DUE	DESCRIPTION OF GOODS
WHERE THERE IS WATER THERE IS CORAL	2,214,951	12/29/98	12/29/04	Plastic swim carrying cases for protecting valuables and small items; swim caps, swim wear, wetsuits; swim masks, swim goggles, swim fins, snorkels, swim nose pinches, swim ear plugs, flotation vests and other flotation devices, namely kickboard floats, arm floats, aqua sweater flotation rings, flotation mats, flotation rings and flotation tubes; water games, namely water slide games and water pool games in the nature of flotation water sports games and games of skill
DRESS-UPS **	2,227,945	03/02/99	03/02/05	Plastic handles for furniture drawers
FUN HOOK-UPS**	2,275,522	09/07/99	09/07/05	Plastic hooks
CHAMPIONSHIP SPORTS**	2,309,632	01/18/00	01/18/06	Series of game tables, namely, pool tables, hockey tables, and multi-game tables
PRO-CLASSIC**	2,350,777	5/16/00	5/16/06	Water ski vests
TOUCH LIGHT-UPS	2,437,555	03/20/01	03/20/07	Night lights

U.S. Trademark Applications

TRADEMARK	APPLN NO.	FILED	DESCRIPTION OF GOODS
SNUGGLE LITE**	75/950,611	03/01/00	Sleeping bags
MAGIC POP PLAYTENT**	78/018,758	07/28/00	Children's tent
STORY STICK-UPS**	76/110,088	08/17/00	Adhesive decals
MURAL IN MINUTES**	78/034590	11/09/00	Adhesive stickers and decals
STICK-UP PHOTO FRAMES**	78/054329	03/21/01	Adhesive decals
3-D STICK-UPS**	78/055294	03/27/01	Adhesive decals
MEGA STIKS**	76/243050	04/19/01	Adhesive decals

* In the name of Impact, Inc.

** In the name of Hedstrom

EXHIBIT C

COPYRIGHTS

NONE