



01-29-2002



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

PTO (Rev. 10/201)
OMB No. 0651-0027 (exp. 5/31/2002)
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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 1-18-02
Gilliam Candy Brands, Inc.

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

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

2. Name and address of receiving party(ies)
 Name: AmSouth Bank
 Internal Address: _____
 Street Address: 105 S. Willow Avenue
 City: Cookeville State: TN Zip: 38501

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

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: December 7, 2001

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
2319951

Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 26

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Robert Holland
 Internal Address: 1200 One Nashville Place
 Street Address: 150 Fourth Avenue, North
 City: Nashville State: TN Zip: 37219

7. Total fee (37 CFR 3.41).....\$ 675.00
 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.

James Lacy James Lacy 12-7-01
 Name of Person Signing Signature Date

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

01/29/2002 LWUELLER 00000024 2319951
 01 FC:481 40.00 OP
 02 FC:482 625.00 OP

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

Refund Ref: 01/29/2002 LWUELLER 0000113732
 CHECK Refund Total: \$35.40

TRADEMARK.
 REEL: 002432 FRAME: 0147

ITEM 4 (CONTINUED)

TRADEMARK	SERIAL NUMBER	REGISTRATION NUMBER	REGISTRATION DATE
THE ORIGINAL SQUARE POP!	75674046	2319951	Feb. 15, 2000
GILLIAM CANDY BRANDS (Design plus words, letters and/or numbers)	75552851	2261234	July 13, 1999
COLONIAL HOUSE	75466438	2228837	March 2, 1999
SQUARE SHOOTER EXOTIC POPS	74406504	1864840	Nov. 29, 1994
BARREL BURNERS GILLIAM (Design plus words, letters and/or numbers)	74305569	1766088	April 20, 1993
COLONIAL HOUSE	73046205	1029503	Jan. 6, 1976
SHEFFIELD INN (Words, letters and/or numbers in stylized form)	71551554	0528043	July 25, 1950
CAT-TAIL	72291262	0862839	Dec. 31, 1968
THE TALISMAN (Words, letters and/or numbers in stylized form)	71652180	0590554	June 1, 1954
SWEETLY YOURS (Words, letters and/or numbers in stylized form)	71064735	0096417	April 21, 1914

TRADEMARK	SERIAL NUMBER	REGISTRATION NUMBER	REGISTRATION DATE
ANN RASKAS	73-678718	R1512932	Nov. 15, 1988
B-B BATS	71-460141	R403284	Sept. 14, 1943
BEAUTIES	73-146925	R1198139	June 15, 1982
BLACK COW	72-407754	R946899	Nov. 7, 1972
CUPID POPS	74-612458	R1945502	Jan. 2, 1996
HOLLINGSWORTH'S UNUSUAL CANDIES	72-230526	R824157	Feb. 14, 1967
KIDS DON'T BELIEVE THEY'RE SUGAR FREE	74-566779	R1913626	Aug. 2, 1995
KITS	71-460142	R402985	Aug. 24, 1943
LOVE SHOOTERS	74-570285	R1918232	Sept. 12, 1995
LUSTRE'S	74-156379	R1776675	June 15, 1993
NUNNALLY'S	71-037219	R72383	Jan. 19, 1909
PUCKER SUCKERS	74-240207	R1707075	Aug. 11, 1992
RUMOCHA	74-238912	R1713999	Sept. 8, 1992
SLO POKE	73-013370	R1006430	March 11, 1975
SOPHIE MAE	72-206462	R808599	Nov. 18, 1964
YOU WON'T BELIEVE IT'S SUGAR FREE	74-566780	R1913627	Aug. 22, 1995

COLLATERAL ASSIGNMENT OF TRADEMARKS

This Collateral Assignment of Trademarks ("Assignment") is entered into as of the 7th day of December, 2001, by and between GILLIAM CANDY BRANDS, INC. ("Borrower"), a Kentucky corporation, and AMSOUTH BANK. ("Lender"), a national banking association.

WITNESSETH:

WHEREAS, Lender has agreed to extend credit to Borrower, on certain terms and conditions, as set forth in detail in that Revolving Credit and Term Loan Agreement of this date (the "Loan Agreement") between Borrower and Lender; and

WHEREAS, one condition to Lender's agreement to extend such credit is that Lender must be provided a first priority perfected security interest in certain trademarks owned by Borrower;

NOW, THEREFORE, as an inducement to cause Lender to extend credit pursuant to the Loan Agreement, and for other valuable consideration, the receipt and sufficiency of which are acknowledged, it is agreed as follows:

1. Definition of Debt. As used herein, "Debt" shall have the meaning assigned in the Loan Agreement.

2. Assignment; Security Interest. To secure the payment and performance of the Debt, Borrower hereby assigns to Lender and grants Lender a security interest in (i) all of Borrower's presently owned and hereafter acquired trademarks, including, but not limited to, those specific trademarks listed on **Exhibit A** attached hereto and incorporated herein by this reference, together with (ii) the following property, whether now existing or hereafter acquired (collectively with the Trademarks, the "Collateral"):

2.1 Infringement Actions. All causes of action for infringement of Borrower's rights in the Trademarks.

2.2 Licenses. All licenses issued with respect to the Trademarks.

2.3 Other Related Property. All other property of every description arising from or related to the ownership of the Trademarks.

2.4 Proceeds. Proceeds of all of the foregoing.

3. Warranties and Covenants Regarding Collateral. Assignor hereby warrants, represents, covenants and agrees as follows:

3.1 Title. Borrower has good and marketable title to and is and shall be the sole and exclusive owner of the Collateral.

3.2 No Other Encumbrances. The Collateral has not been and shall not be assigned, pledged or otherwise transferred or encumbered.

3.3 Valid and Perfected Security Interest. This Agreement provides Lender with a valid security interest in the Collateral. The registration of this Assignment with the United States Patent and Trademark Office and the filing of a UCC-1 financing statement with the McCracken County, Kentucky Clerk will duly perfect the security interest granted to Lender in this Assignment, with priority superior to all encumbrances other than Permitted Encumbrances. Borrower shall execute additional assignments or amendments hereto respecting trademarks acquired after the date hereof in accordance with the requirements of the Loan Agreement.

4. Valid Trademarks. The Trademarks listed in **Exhibit A** comprise all of the Trademarks for which Borrower has obtained or applied for registration in the United States as of the date hereof that are of material value. Trademark registrations in respect of the Trademarks listed in **Exhibit A** have been issued as reflected in **Exhibit A**.

5. Maintenance of Trademark Registrations. Borrower shall take all action necessary to maintain the validity and effectiveness of the trademark registrations relating to the Trademarks. Borrower shall notify Lender in writing of any claim made to or against any Trademark by a third party claiming infringement or otherwise asserting rights in the Trademarks.

6. Other Security Agreement. Borrower also grants to Lender a security interest in the Collateral pursuant to the Loan Agreement, and the rights granted Lender under this Agreement are in addition thereto and not in derogation thereof.

7. Default Defined. The occurrence of an Event of Default under the Loan Agreement shall constitute a default under this Assignment.

8. Remedies Upon Default. Upon the occurrence of a default, as defined above, Lender may pursue any or all of the following remedies, without any notice to Borrower except as required below:

8.1 Control of Records. Lender may take possession of any or all of the records pertaining to the Trademarks. Borrower agrees that, upon default and request by Lender, Borrower shall make available to Lender all records pertaining to the Trademarks and shall disclose the location and custodian of all royalties and proceeds of the Trademarks.

8.2 Sale of Trademarks. Lender may sell any or all of the Trademarks at private or public sale. Borrower agrees that five days prior notice of the time and place of any public sale and five days notice of the time after which efforts to sell at private sale will commence shall be considered commercially reasonable notice of such sales. Any public sale may be postponed to a different time and/or place by announcement at the originally scheduled time and place of sale, with no further advertisement of any kind being necessary. Any advertised sale can be cancelled, at Lender's discretion, either

before or after the opening of bidding. Lender may purchase any or all of the Trademarks at any public sale.

8.3 Power of Attorney. Borrower hereby appoints Lender as Borrower's attorney-in-fact for the filing of assignments or other documents with the United States Patent and Trademark Office in Borrower's name and to execute such other documents as Lender may deem appropriate in connection with the exercise of Lender's rights hereunder. This power of attorney is coupled with an interest and is irrevocable.

8.4 Other Remedies. Lender may exercise any right that it may have under any other document evidencing or securing the Debt or otherwise available to Lender at law or equity as to any of the Collateral.

8.5 Application of Proceeds. All amounts received by Lender for Borrower's account by exercise of its remedies hereunder shall be applied as provided in the Loan Agreement.

9. Notices. All communications relating to this Assignment shall be in writing and shall be effective when delivered by mail, overnight courier, special courier, telecopier or otherwise to the following addresses:

If to Borrower:

Gilliam Candy Company, Inc.
Attn: James Lacy
2401 Powell Street
Paducah, Kentucky 42003
Telecopier: (502) 443-6532

If to Lender:

AmSouth Bank
Attn: Kelly Perdue
P. O. Box 100
Cookeville, TN 38503

With a copy to:

Robert Holland
Miller & Martin, LLP
1200 One Nashville Place
150 Fourth Avenue, North
Nashville, Tennessee 37219

Any party hereto may change its address for receipt of notice by written direction to the other parties hereto.

10. Consent to Jurisdiction. Jurisdiction and venue with respect to this Agreement shall be as set forth in the Loan Agreement.

11. Not Partners; No Third Party Beneficiaries. Nothing contained herein or in any related document shall be deemed to render Lender a partner of Borrower for any purpose. This Assignment has been executed for the sole benefit of Lender, and no third party is authorized to rely upon Lender's rights hereunder or to rely upon an assumption that Lender has or will exercise its rights under this Assignment or under any document referred to herein.

12. Indulgence Not Waiver. Lender's indulgence in the existence of a default hereunder or any other departure from the terms of this Assignment shall not prejudice Lender's rights to declare a default or otherwise demand strict compliance with this Assignment.

13. Cumulative Remedies. The remedies provided Lender in this Assignment are not exclusive of any other remedies that may be available to Lender under any other document at law or equity.

14. Amendment and Waiver in Writing. No provision of this Assignment can be amended or waived, except by a statement in writing signed by the party against which enforcement of the amendment or waiver is sought.

15. Assignment. This Assignment shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of Borrower and Lender, except that Borrower shall not assign any rights or delegate any obligations arising hereunder without the prior written consent of Lender. Any attempted assignment or delegation by Borrower without the required prior consent shall be void.

16. Entire Agreement. This Assignment and the other written agreements between Borrower and Lender represent the entire agreement between the parties concerning the subject matter hereof, and all oral discussions and prior agreements are merged herein.

17. Severability. Should any provisions of this Assignment be invalid or unenforceable for any reason, the remaining provisions hereof shall remain in full effect.

18. Time of Essence. Time is of the essence of this Assignment, and all dates and time periods specified herein shall be strictly observed, except that Lender may permit specific deviations therefrom by its written consent.

19. Applicable Law. The validity, construction and enforcement of this Assignment and all other documents executed with respect to the Debt shall be determined according to the laws of Tennessee applicable to contracts executed and performed entirely within that state, in which state this Assignment has been executed and delivered, and applicable federal law.

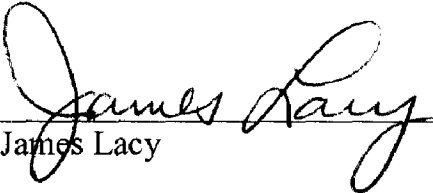
20. Gender and Number. Words used herein indicating gender or number shall be read as context may require.

21. Captions Not Controlling. Captions and headings have been included in this Assignment for the convenience of the parties, and shall not be construed as affecting the content of the respective paragraphs.

Executed the day first written above.

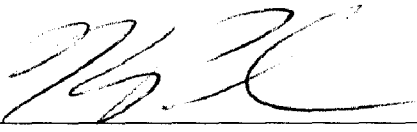
THE UNDERSIGNED ACKNOWLEDGE A THOROUGH UNDERSTANDING OF THE TERMS OF THIS ASSIGNMENT AND AGREE TO BE BOUND THEREBY:

GILLIAM CANDY BRANDS, INC.

By:  _____
James Lacy

Title: Chairman

AMSOUTH BANK

By:  _____
Title Vice-President

STATE OF TENNESSEE)
COUNTY OF PUTNAM)

Before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared James Lacy, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be Chairman of Gilliam Candy Brands, Inc., the within named bargainer, a corporation, and that he as such Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chairman.

Witness my hand and seal, at office in Cookeville, Tennessee, this 7th day of December, 2001.

[Signature]
NOTARY PUBLIC

My Commission Expires:

6/22/04

STATE OF TENNESSEE)
COUNTY OF PUTNAM)

Before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Kelly Perdue, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged him self to be Vice President of AmSouth Bank, the within named bargainer, a corporation, and that he as such vice president, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by Kelly Perdue as Vice President.

7th Witness my hand and seal, at office in Cookeville, Tennessee, this day of December, 2001.

[Signature]
NOTARY PUBLIC

My Commission Expires:

6/22/04