

02-08-2002



101978318

U.S. DEPARTMENT OF COMMERCE

HEET

Patent and Trademark Office

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

1. Name of conveying party(ies):

AMERICAN PACIFIC ENTERPRISES, LLC

1-24-02

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

✓ Other: **LIMITED LIABILITY CORPORATION**Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

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

Name: **FOOTHILL CAPITAL CORPORATION**Internal Address: **SUITE 3000W**Street Address: **2450 COLORADO AVENUE**City: **SANTA MONICA** State: **CALIFORNIA** ZIP: **90404**

- ☐ Individual(s) citizenship: _____
☐ Association: _____
☐ General Partnership: _____
☐ Limited Partnership: _____
✓ Corporation-State: **CALIFORNIA**
☐ Other: _____

Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
✓ Security Agreement ☐ Change of Name
☐ Other:

Execution Date: **NOVEMBER 2, 2001**

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

A. Trademark Application No.(s)

SEE ATTACHED.

B. Registration No.(s)

SEE ATTACHED.Additional numbers attached? ☒ Yes ☐ No

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

John B. Kennedy
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, New York 10104-0012

6. Total number of applications and trademark registrations involved: **16**7. Total fee (37 C.F.R. § 3.41): **\$415.00**

- ✓ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

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.

Name: **JOHN B. KENNEDY**11/27/01
DateTotal number of pages comprising cover sheet, attachments and document: **24**

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

02/07/2002 LMUELLER 00000140 76215621

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

TRADEMARK
REEL: 002440 FRAME: 0382

**Attachment to Recordation Form Cover Sheet (Conveyance of Security Interest by
American Pacific Enterprises, LLC to Foothill Capital Corporation)**

Continuation of Item 4: Application and Registration Numbers

4.A. Trademark Application Numbers

TRADEMARK	SERIAL NUMBER
Twice as Nice	76-215621
Match Living	75-726666
Suite 109	76-287065
Baby Blocks	74-505633
Cobble Creek	74-437532
Match!	75-162767
Design Only	75-921589
Baby's Inheritance	74-655991
Match Living Packaging (with design)	75-921589

4.B. Trademark Registration Numbers

TRADEMARK	REGISTRATION NUMBER
American Pacific	1895109
Tucker Lane	1904842
Country Classics	1922077
Gentle Moon	2039490
Hawthorne Hill (with design)	2041169
Match (with design)	2268458
Common Threads	2275758

TRADEMARK SECURITY AGREEMENT

From

AMERICAN PACIFIC ENTERPRISES, LLC

as Grantor

to

FOOTHILL CAPITAL CORPORATION,

as Collateral Agent

Dated as of November 2, 2001

Execution Copy

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TRADEMARK SECURITY AGREEMENT, dated November 2, 2001, made by American Pacific Enterprises, LLC, an Ohio limited liability company (together with its successors and assigns, hereinafter referred to as the "Grantor"), to Foothill Capital Corporation ("Foothill"), as collateral agent (the "Collateral Agent") for the lenders party to the Loan Agreements (as hereinafter defined).

PRELIMINARY STATEMENTS.

(1) WHEREAS, the Grantor has entered into the Loan Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "Revolver Loan Agreement"), among the Grantor, the financial institutions from time to time party thereto (the "Revolver Lenders"), and Foothill as arranger and administrative agent for the Revolver Lenders thereunder (together with its successors and assigns in such capacity, "Revolver Agent");

(2) WHEREAS, the Grantor has entered into the Term Loan Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "Term Loan Agreement", and together with the Revolver Loan Agreement, the "Loan Agreements"), among the Grantor, the financial institutions from time to time party thereto (the "Term Loan Lenders", and together with the Revolver Lenders, the "Lenders"), and Hilco Capital LP as arranger and administrative agent thereunder (together with its successors and assigns in such capacity, "Term Loan Agent");

(3) WHEREAS, Lenders, Revolver Agent, Term Loan Agent and Collateral Agent have entered into the Intercreditor and Collateral Agency Agreement dated as of the date hereof, in order to, among other things, (a) appoint and authorize the Collateral Agent, (b) establish the relative priority of the security interests of the Revolver Lenders and the Revolver Agent, on the one hand, and the Term Loan Lender, and Term Loan Agent, on the other hand, in the assets and properties of the Grantor; and

(4) WHEREAS, it is a condition precedent to the making of Advances by the Lenders under the Loan Agreements that the Grantor shall have granted the assignment and security interest and made the pledge and assignment contemplated by this Agreement.

Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Loan Agreements.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances under the Loan Agreements, the Grantor hereby agrees with the Collateral Agent for its benefit and the ratable benefit of the Lenders as follows:

SECTION 1. Grant of Security. The Grantor hereby assigns and pledges to the Collateral Agent for its benefit and the ratable benefit of the Lenders, and hereby grants to the Collateral Agent for its benefit and the ratable benefit of the Lenders a security interest in, all of the Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired (collectively, the "Trademark Collateral");

(a) all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified in Schedule I attached hereto and made a part hereof, and including without limitation (i) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (ii) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (iii) all rights corresponding thereto throughout the world and all other rights of any kind whatsoever of the Grantor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin (the "Trademarks"); and

(b) all license agreements with any other person in connection with any of the Trademarks or such other person's names or marks, whether the Grantor is a licensor or licensee under any such license agreement, including, without limitation, the license agreements listed on Schedule II attached hereto and made a part hereof, subject, in each case, to the terms of such license agreements, including, without limitation, terms requiring consent to a grant of a security interest, and any right to prepare for sale, sell and advertise for sale, all Inventory (as defined in the Loan Agreements) now or hereafter owned by the Grantor and now or hereafter covered by such licenses (the "Licenses").

SECTION 2. Security for Obligations. The assignment and pledge of and grant of a security interest in the Trademark Collateral by the Grantor pursuant to this Agreement secures the payment of all Obligations of the Grantor now or hereafter existing under the Loan Documents (as such term is defined in both the Revolver Loan Agreement and the Term Loan Agreement), if any, whether for principal, interest, fees, expenses or otherwise (all such Obligations being the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Grantor to the Collateral Agent, the Agent or the Lenders under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any loan party.

SECTION 3. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Trademark Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Trademark Collateral and (c) neither the Collateral Agent nor any Lender shall have any obligation or liability under the contracts and agreements included in the Trademark Collateral by reason of this Agreement, nor shall the Collateral Agent or any Lender be obligated to perform any of the

obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 4. Representations and Warranties. The Grantor represents and warrants as to itself and its Trademark Collateral as follows:

(a) The Grantor is the sole, legal and beneficial owner of the entire right, title and interest in and to the trademark registrations and applications for registration set forth in Schedule I hereto as being the property of the Grantor free and clear of any Lien, except for the security interest created by this Agreement, the Loan Agreements or Permitted Liens. No security agreement, effective financing statement or other instrument similar in effect covering all or any part of the Trademark Collateral, that has not been terminated or released, is on file in any recording office (including, without limitation, the United States Patent and Trademark Office), except such as may have been filed in favor of the Collateral Agent relating to this Agreement or any other Loan Document, and the Grantor has not consented to the filing of a financing statement under the Uniform Commercial Code or the filing of any document or notice similar in effect, that has not been released or terminated, with the United States Patent and Trademark Office covering all or any part of the Trademark Collateral other than as contemplated hereby and thereby.

(b) Set forth in Schedule I opposite the name of the Grantor is a complete and accurate list of the material trademark registrations and applications for registration owned by the Grantor. The Grantor has made all necessary filings and recordations to protect and maintain its interest in the trademark registrations and applications for registration set forth in Schedule I, including, without limitation, all necessary filings and recordings in the United States Patent and Trademark Office. Set forth in Schedule II opposite the name of the Grantor is a complete and accurate list of the material Licenses owned by the Grantor in which the Grantor is (i) a licensor or (ii) a licensee.

(c) Each trademark registration and application for registration of the Grantor set forth in Schedule I is subsisting and has not been adjudged invalid, unregistrable or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid, registrable and enforceable. Each License of the Grantor identified in Schedule II is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the best of the Grantor's knowledge, is valid and enforceable. The Grantor has notified the Collateral Agent in writing of all uses of any item of Trademark Collateral of which the Grantor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Trademark Collateral, other than any such uses that would not cause a Material Adverse Change.

(d) The Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Trademark Collateral that has not been terminated or released. The Grantor has not granted any license (other than those listed on Schedule II hereto), release, covenant not to sue, or non-assertion assurance to any person with respect to any part of the Trademark Collateral so as to cause a Material Adverse Change.

(e) Other than as set forth on Schedule 5.9 of the Loan Agreements, no consent of any other person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party in the United States is required either (A) for the grant by the Grantor of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor, (B) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment or security interest), except for the filing of financing and continuation statements under the Uniform Commercial Code and filings with the United States Patent and Trademark Office, which financing statements and filings have been duly filed, or (C) for the exercise by the Collateral Agent of its rights provided for in this Agreement or the remedies in respect of the Trademark Collateral pursuant to this Agreement.

(f) Except for the licenses listed on Schedule II hereto, the Grantor has no knowledge of the existence of any right or any claim that is likely to be made under any item of Trademark Collateral contained on Schedule I.

(g) No claim has been made and is continuing or threatened that the use by the Grantor of any item of Trademark Collateral is invalid or unenforceable or that the use by the Grantor of any Trademark Collateral does or may violate the rights of any person, other than any such claim which would not cause a Material Adverse Change. To the best of the Grantor's knowledge, there is currently no infringement or unauthorized use of any item of Trademark Collateral contained on Schedule I.

(h) The Grantor uses consistent standards of quality in all material respects in the manufacture, distribution and sale of all products sold and provision of all services provided under or in connection with any item of Trademark Collateral contained on Schedule I and has taken all steps necessary to ensure that all licensed users of any item of Trademark Collateral contained on Schedule I use such consistent standards of quality.

(i) The Grantor has no knowledge of the existence of any trademark or license agreement held or claimed by any other person that would preclude the Grantor from distributing, marketing, selling or providing any product or service currently distributed, marketed, sold or provided by it, as the case may be, under or in connection with any of the Trademark Collateral (except, in each case, to the extent that the Grantor has granted an exclusive license to another person), or that would interfere with the ability of the Grantor to carry on its business as currently carried on, and the Grantor has no knowledge of any claim that is likely to be made that if upheld would preclude or interfere with the business of the Grantor as currently carried on under any of the Trademark Collateral, other than any such trademark, license agreement or claim that would not cause a Material Adverse Change.

SECTION 5. Further Assurances. (a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any part of the Trademark

Collateral. Without limiting the generality of the foregoing, the Grantor will execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(b) The Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Trademark Collateral without the signature of the Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Trademark Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Trademark Collateral and such other reports in connection with the Trademark Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) The Grantor agrees that, should it obtain an ownership interest in any trademark, service mark, trade name, trade dress, other indicia of trade origin, trademark or service mark registration, or application for trademark or service mark registration, or license, which is not now a part of the Trademark Collateral, (i) the provisions of Section 1 shall automatically apply thereto, (ii) any such trademark, service mark, trade name, trade dress, indicia of trade origin, trademark or service mark registration or application for trademark or service mark registration, together with the goodwill of the business connected with the use of same and symbolized by same, or license, shall automatically become part of the Trademark Collateral, and (iii) with respect to any ownership interest in any trademark or service mark registration, or application for trademark or service mark registration that the Grantor should obtain, it shall give prompt written notice thereof to the Collateral Agent in accordance with Section 13 hereof. The Grantor authorizes the Collateral Agent to modify this Agreement by amending Schedules I and II (and will cooperate reasonably with the Collateral Agent in effecting any such amendment) to include any trademark or service mark registration or application for trademark or service mark registration, or License, which becomes part of the Trademark Collateral under this Section.

(e) With respect to each trademark or service mark registration, application for trademark or service mark registration, and License, the Grantor agrees, subject to the last sentence of this subsection, to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (i) maintain each such trademark or service mark registration, application for trademark or service mark registration, and License, and (ii) pursue each such application for trademark or service mark registration, now or hereafter included in the Trademark Collateral, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, and the participation in opposition, cancellation and infringement and misappropriation proceedings. The Grantor agrees to take corresponding steps with respect to each new or acquired trademark or service mark registration, application for trademark or service mark registration, or License to which it is now or later becomes entitled. Any expenses incurred in

connection with such activities shall be borne by the Grantor. The Grantor shall not discontinue use of or otherwise abandon any trademark or service mark, or abandon any right to file an application for registration thereof, or abandon any pending application for registration or registration of any trademark or service mark, without the written consent of the Collateral Agent, unless the Grantor shall have previously determined that such use or the pursuit or maintenance of such application or registration is no longer desirable in the conduct of the Grantor's business and that the loss thereof will not cause a Material Adverse Change, in which case, the Grantor will give notice of any such abandonment to the Collateral Agent pursuant to the terms of Section 13 hereof.

(f) The Grantor agrees to notify the Collateral Agent promptly and in writing if it learns (i) that any item of the Trademark Collateral contained on Schedule I may be determined to have become abandoned or dedicated or (ii) of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office or any court) regarding any item of the Trademark Collateral that would cause a Material Adverse Change.

(g) In the event that the Grantor becomes aware that any item of the Trademark Collateral is infringed or misappropriated by a third party, the Grantor shall promptly notify the Collateral Agent and shall take such actions as the Grantor or the Collateral Agent deems appropriate under the circumstances to protect such Trademark Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation, unless any such infringement or misappropriation would not cause a Material Adverse Change. Any expense incurred in connection with such activities shall be borne by the Grantor.

(h) The Grantor shall to the extent it deems reasonable in its best business judgment use proper statutory notice in connection with its use of each of its federally registered trademarks and service marks contained in Schedule I, and use the notice designation "TM" or "SM," as applicable, in connection with its use of its adopted trademarks and service marks that are not federally registered.

(i) The Grantor shall take all steps which it or the Collateral Agent deems appropriate under the circumstances to preserve and protect its Trademark Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with the Trademark Collateral, consistent with the quality and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of said Trademark Collateral use consistent standards of quality.

SECTION 6. Transfers and Other Liens. The Grantor shall not (a) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any item of the Trademark Collateral, except for Permitted Dispositions, or (b) create or suffer to exist any Lien upon or with respect to any of the Trademark Collateral except for the pledge, assignment, and security interest created by this Agreement, the Loan Agreements or Permitted Liens.

SECTION 7. Collateral Agent Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Collateral Agent the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Collateral Agent's discretion after the occurrence and during the continuance of a Default, to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Trademark Collateral,

(b) to receive, indorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any payments relating to any of the Trademark Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Trademark Collateral.

To the extent permitted by law, the Grantor hereby ratifies all that the Collateral Agent shall lawfully do or cause to be done as attorney-in-fact for the Grantor. This power of attorney is a power coupled with an interest and is irrevocable.

SECTION 8. The Collateral Agent May Perform. If the Grantor fails to perform any agreement contained herein, the Collateral Agent may itself perform, or cause performance of, such agreement after reasonable notice to the Grantor to the extent practicable, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Grantor under Section 11.

SECTION 9. The Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest in the Trademark Collateral and shall not impose any duty upon the Collateral Agent to exercise any such powers. Except for the safe custody of any Trademark Collateral in its possession and the accounting for any moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Trademark Collateral or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Trademark Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Trademark Collateral in its possession if such Trademark Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property.

SECTION 10. Remedies. If any Event of Default shall have occurred and be continuing and if the Collateral Agent has taken or is taking remedial actions in respect of the Collateral that is Inventory or Accounts:

(a) The Collateral Agent may exercise in respect of the Trademark Collateral, in addition to other rights and remedies provided for herein or otherwise available to it and to the fullest extent permitted by law, all the rights and remedies of a secured party upon default under

the Uniform Commercial Code in effect in the State of New York at such time (the "N.Y. Uniform Commercial Code") (whether or not the N.Y. Uniform Commercial Code applies to the affected Trademark Collateral) and also may (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the documents and things embodying the Trademark Collateral as directed by the Collateral Agent and make them available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties, (ii) occupy any premises owned or leased by the Grantor where documents and things embodying the Trademark Collateral or any part thereof are assembled for a reasonable period in order to effectuate the Collateral Agent's rights and remedies hereunder or under law, without obligation to the Grantor in respect of such occupation, and (iii) without notice except as specified below, with the prior consent of Term Loan Agent, sell the Trademark Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. In the event of any sale, assignment, or other disposition of any of the Trademark Collateral, the goodwill of the business connected with and symbolized by any Trademark Collateral subject to such disposition shall be included, and the Grantor shall supply to the Collateral Agent or its designee the Grantor's know-how and expertise, and documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Trademark Collateral subject to such disposition, and the Grantor's customer lists and other records and documents relating to such Trademark Collateral and to the manufacture, distribution, advertising and sale of such products and services. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Trademark Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Trademark Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 11) in whole or in part by the Collateral Agent for the ratable benefit of the Lenders against, all or any part of the Secured Obligations in such order as the Collateral Agent shall elect. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the applicable Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) The Collateral Agent may exercise any and all rights and remedies of the Grantor under or otherwise in respect of the Trademark Collateral.

(d) All payments received by the Grantor under or in connection with any of the Trademark Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement).

SECTION 11. Indemnity and Expenses. (a) The Grantor agrees to indemnify the Collateral Agent from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Collateral Agent's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction.

(b) The Grantor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Trademark Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent or the Lenders hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

SECTION 12. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent and, in the case of an amendment, by the Grantor and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

SECTION 13. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic, telex or cable communication), and mailed, telegraphed, telecopied, telexed, cabled or delivered to the Grantor, addressed to it at its address indicated on the signature pages hereof or to the Collateral Agent, addressed to it at its address specified in the Loan Agreements or, as to either party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 13. All such notices and other communications shall, when mailed, telecopied, telegraphed, telexed or cabled, respectively, be effective when deposited in the mails, telecopied, delivered to the telegraph company, confirmed by telex answerback, or delivered to the cable company, respectively, addressed as aforesaid.

SECTION 14. Continuing Security Interest; Assignments Under the Loan Agreements. This Agreement shall create a continuing security interest in the Trademark Collateral and shall (a) remain in full force and effect until the later of the payment in full in cash of the Secured Obligations and the effective date of termination or expiration of the Loan Agreements, (b) be binding upon the Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Loan Agreements, to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 14 of the Loan Agreements.

SECTION 15. Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Trademark Collateral in accordance with the terms of the Intercreditor and Collateral Agency Agreement (other than sales of Inventory in the ordinary course of business), the Collateral Agent will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence the release of such item of Trademark Collateral from the assignment and security interest granted hereby; provided, however, that (i) at the time of such request and such release and after giving effect thereto no Default shall have occurred and be continuing, (ii) the Grantor shall have delivered to the Collateral Agent, at least ten business days prior to the date of the proposed release, a written request for release describing the item of the Trademark Collateral and the terms of the sale, lease, transfer or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a form of release for execution by the Collateral Agent and a certification by the Grantor to the effect that the transaction is in compliance with the Intercreditor and Collateral Agency Agreement and as to such other matters as the Collateral Agent may request and (iii) the proceeds of any such sale, lease, transfer or other disposition required to be applied in accordance with Section 2.4 of the Intercreditor and Collateral Agency Agreement shall be paid to, or in accordance with the instructions of, the Collateral Agent at the closing.

(b) Upon the later of the payment in full in cash of the Secured Obligations and the effective date of termination or expiration of the Loan Agreements, the pledge, assignment, and security interest granted hereby shall terminate and all rights to the Trademark Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof shall revert to the Grantor. Upon any such termination, the Collateral Agent will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 16. Governing Law; Terms. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR TRADEMARK COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. Unless otherwise defined herein or in the Loan Agreements, terms used in Article 9 of the N.Y. Uniform Commercial Code are used herein as therein defined.

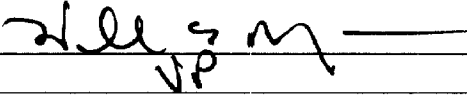
SECTION 17. Consent to Jurisdiction. The parties agree that any suit for the enforcement of this Agreement may be brought in the courts of the State of New York or any federal court sitting therein and consent to the non-exclusive jurisdiction of any such court and to service of process in any such suit being made upon the parties by mail at the address specified in the Loan Agreements or on the signature pages hereof. The parties hereby waive any objection that they may now or hereafter have to venue of any such suit or any such court or that such suit is brought in an inconvenient forum.

SECTION 18. Waiver of Jury Trial. The parties hereby irrevocably waive all rights to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement, the transactions contemplated hereby

or the actions of the parties in the negotiation, administration, performance or enforcement hereof.

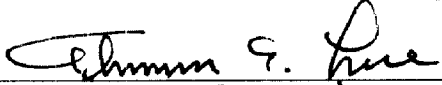
IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

AMERICAN PACIFIC ENTERPRISES, LLC, an
Ohio limited liability company, as the Grantor

By: 
Title: _____
Address: _____

Agreed and consented to as of
the date first above written:

FOOTHILL CAPITAL CORPORATION, as Collateral Agent

By: 
Title: Vice President
Address: _____

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

On the 2nd day of November, 2001, before me personally came
William S. Rymer to me known, who, being by me duly sworn, did
depose and say he resides at
3200 Gray Fox Trail, Greenville, NC 27858
_____ and that he is the
Vice President of AMERICAN PACIFIC ENTERPRISES, LLC, the corporation
described in and which executed the above instrument; that he has been authorized to execute
said instrument on behalf of said corporation; and that he signed said instrument on behalf of
said corporation pursuant to said authority.

Mina C. Kuhn
Notary Public

[Notarial Seal]

MINA C. KUHN
Notary Public, State Of New York
No. 01KU6057048
Qualified In New York County
Commission Expires April 9, 2003

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

On the 2nd day of November, 2001, before me personally came
Thomas E. Lane to me known, who, being by me duly sworn, did depose
and say he resides at 623 South Irena Avenue, Redondo Beach,
CA 90277 and that he is the
Vice President of **FOOTHILL CAPITAL CORPORATION**, the corporation
described in and which executed the above instrument; that he has been authorized to execute
said instrument on behalf of said corporation; and that he has signed said instrument on behalf of
said corporation pursuant to said authority.

Mina C. Kuhn
Notary Public

[Notarial Seal]

MINA C. KUHN
Notary Public, State Of New York
No. 01KU6057046
Qualified In New York County 03
Commission Expires April 9, 20 —

SCHEDULE I: TRADEMARKS, REGISTRATIONS AND APPLICATIONS

<u>Trademark</u>	<u>Number</u>
American Pacific	1,895,109
Tucker Lane	1,904,842
Country Classics	1,922,077
Gentle Moon	2,039,490
Hawthorne Hill (with design)	2,041,169
Match (with design)	2,268,458
Common Threads	2,275,758
Baby Blocks	74/505,633
Cobble Creek	74/437,532
Match!	75/162,767
Match Living	75/726,666
Design Only	75/921,589
Twice as Nice	76/215,621
Baby's Inheritance	74/655,991
Match Living Packaging (with design)	75/921,589
Suite 109	Filed 7/17/01

SCHEDULE II: LICENSES

Licensing, Technology, and Royalty Agreements

- Microsoft Open License Agreement dated March 13, 1997 by and between APE and Microsoft Corporation.
- Letter Agreement dated September 20, 2000 by and between APE and Borders Unlimited, Inc.
- Sublicense and Confirming Letter Agreement dated March 26, 1999 by and between APE and Rachel Ashwell Designs, Inc.
- License Agreement dated January 31, 2000 by and between APE and Barth & Dreyfuss of California, Inc.
- License Agreement dated July 1, 1996 by and between APE and Museum of American Folk Art, as amended by letter agreement dated May 20, 1999 and by the Extension Agreement dated June 27, 2001.
- License Agreement dated November 15, 1998 by and between APE and Nautica Apparel, Inc.
- Licensing Agreement dated as of August 4, 1998 by and between APE and Hearst Communications, Inc.
- [License Agreement(s) with ExCell.]
- [License Agreement(s) with Arch Associates.]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

American Pacific Enterprises, LLC

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

1c. MAILING ADDRESS
3901 Gantz Road

CITY

Grove City

STATE

OH

POSTAL CODE

43123

COUNTRY

U.S.A.

1d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

1e. TYPE OF ORGANIZATION

LLC

1f. JURISDICTION OF ORGANIZATION

Ohio

1g. ORGANIZATIONAL ID #, if any

1248667

☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

Foothill Capital Corporation, as Collateral Agent

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

2450 Colorado Avenue, Suite 3000W

CITY

Santa Monica

STATE

CA

POSTAL CODE

90404

COUNTRY

U.S.A.

4. This FINANCING STATEMENT covers the following collateral:

See Attached Exhibit A.

TO BE FILED WITH THE SECRETARY OF STATE OF OHIO.

5. ALTERNATIVE DESIGNATION (if applicable):	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum	<input type="checkbox"/> (if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (OPTIONAL FEE)	<input type="checkbox"/> (optional)	<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2
8. OPTIONAL FILER REFERENCE DATA						

EXHIBIT A

UCC-1 Financing Statement

DEBTOR: **AMERICAN PACIFIC ENTERPRISES, LLC**

SECURED PARTY: **FOOTHILL CAPITAL CORPORATION, AS COLLATERAL AGENT**

All of Debtor's right, title and interest in and to the following, whether now owned or hereafter acquired or arising and wherever located (collectively, the "Collateral"):

- a. all accounts and any and all supporting obligations in respect thereof (collectively, "Accounts");
- b. all books and records (including all of its Records indicating, summarizing, or evidencing its assets (including the Collateral) or liabilities, all of its Records relating to its business operations or financial condition, and all of its goods or General Intangibles related to such information) (collectively, "Books");
- c. all equipment, machinery, machine tools, motors, furniture, furnishings, fixtures, vehicles (including motor vehicles), tools, parts, goods (other than consumer goods, farm products, or Inventory), wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing (collectively, "Equipment");
- d. all general intangibles (including payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, patents, trade names, trademarks, servicemarks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, infringement claims, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, money, deposit accounts, insurance premium rebates, tax refunds, and tax refund claims), and any and all supporting obligations in respect thereof, and any other personal property other than goods, Accounts, Investment Property, and Negotiable Collateral. (collectively, "General Intangibles");
- e. all inventory, including goods held for sale or lease or to be furnished under a contract of service, goods that are leased by Debtor as lessor, goods that are furnished by Debtor under a contract of service, and raw materials, work in process, or materials used or consumed in Debtor's business (collectively, "Inventory");
- f. all investment property, and any and all supporting obligations in respect thereto (collectively, "Investment Property");

ny-378780

TRADEMARK
REEL: 002440 FRAME: 0403

g. all letters of credit, letter of credit rights, instruments, promissory notes, drafts, documents, and chattel paper (including electronic chattel paper and tangible chattel paper), and any and all supporting obligations in respect thereto (collectively, "Negotiable Collateral");

h. all money or other assets of Debtor that now or hereafter come into the possession, custody, or control of Secured Party or any agent or bailee thereof; and

i. the proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing, and any and all Accounts, Books, Equipment, General Intangibles, Inventory, Investment Property, Negotiable Collateral, Real Property, money, deposit accounts, or other tangible or intangible property resulting from the sale, exchange, collection, or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof.

As used herein:

"Code" means the New York Uniform Commercial Code, as in effect from time to time.

"Real Property" means any estates or interests in real property now owned or hereafter acquired by Debtor and the improvements thereto.

"Record" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

Any terms used herein that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein.

Unless the context hereof clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or."