

03-04-2002

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):

**Drug Emporium, Inc.** *2-8-02*

- Individual(s)
- General Partnership
- Corporation-State **Delaware**
- Other \_\_\_\_\_
- Association
- Limited Partnership

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other \_\_\_\_\_
- Merger
- Change of Name

Execution Date: **9/24/01**

2. Name and address of receiving party(ies)

Name: **The CIT Group/Business Credit, Inc.**

Internal Address: **Suite 150**

Street Address: **1200 Ashwood Parkway**

City: **Atlanta** State: **GA** Zip: **30338**

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation-State **New York**
- 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) \_\_\_\_\_

**1935028**

Additional number(s) attached  Yes  No

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

Name: **Robert H. G. Lockwood**

Internal Address: **Smith, Gambrell & Russell, LLP**

**Suite 3100, Promenade II**

Street Address: **1230 Peachtree St., N.E.**

City: **Atlanta** State: **GA** Zip: **30309-3592**

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41)..... \$ **40.00**

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

**02-08-2002**

U.S. Patent & TMO/TM Mail Rcpt Dt. #66

**DO NOT USE THIS SPACE**

9. Signature.

**Robert H. G. Lockwood**

Name of Person Signing

*Robert H. G. Lockwood*  
Signature

*2/8/02*  
Date

14

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

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

03/01/2002 LNUELLER 00000107 1935028

01 FC:481

40.00 DP

**TRADEMARK**  
**REEL: 002451 FRAME: 0896**

## TRADEMARK SECURITY AGREEMENT

This **TRADEMARK SECURITY AGREEMENT**, dated as of September 24, 2001, by **SNYDER'S DRUG STORES, INC.**, a Minnesota corporation, **DRUG EMPORIUM OF MICHIGAN, INC.**, a Delaware corporation and **DRUG EMPORIUM, INC.**, a Delaware corporation (collectively, the "Grantors", and each, individually, a "Grantor") in favor of **THE CIT GROUP/BUSINESS CREDIT, INC.**, a New York corporation, in its capacity as Agent for Lenders.

### W I T N E S S E T H:

**WHEREAS**, pursuant to that certain Loan and Security Agreement dated as of the date hereof by and among Grantors and the other borrowers party thereto ("Borrowers"), Katz Enterprises (Minnesota) Inc. (the "Guarantor"), Agent and the Persons signatory thereto from time to time as Lenders (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), Lenders have agreed to make the Loans and to incur Letter of Credit Obligations for the benefit of Grantors and the other Borrowers; and

**WHEREAS**, Agent and Lenders are willing to make Revolving Credit Loans and to incur Letter of Credit Obligations as provided for in the Loan Agreement, but only upon the condition, among others, that the Grantors shall have executed and delivered to Agent, for itself and the ratable benefit of Lenders, this Trademark Security Agreement;

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Loan Agreement.
2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Each Grantor hereby grants to Agent, on behalf of itself and Lenders, a continuing first priority security interest in all of such Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral"):
  - (a) all of their respective trademarks (the "Trademarks") and trademark licenses (the "Trademark Licenses") to which each is a party including those referred to on Schedule I hereto;
  - (b) all reissues, continuations or extensions of the foregoing;
  - (c) all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark License; and

(d) all products and proceeds of the foregoing, including, without limitation, any claim by any Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License.

### 3. RIGHTS AND REMEDIES.

(a) The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to Agent, on behalf of itself and Lenders, pursuant to the Loan Agreement. Each Grantor hereby acknowledges and affirms that the representations and warranties of Grantor and the rights and remedies of Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Loan Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein;

(b) Notwithstanding anything to the contrary herein or in any of the other Loan Documents, if any Default or Event of Default under the Loan Agreement or any other Loan Document shall have occurred and be continuing, in addition to any and all other rights and remedies that Agent may have in the Loan Agreement, in any other Loan Document or at law, all of the right, title and interest of each Grantor in and to the Trademark Collateral shall be automatically granted, assigned, conveyed and delivered to the Agent or its designee, and each Grantor hereby irrevocably constitutes and appoints Agent and any officer, agent or employee thereof, with full power of substitution, as its true and lawful attorney-in-fact, with full irrevocable power and authority in the place and stead of each Grantor and in the name of each Grantor or Agent's own name or the name of Agent's designee, all acts of said attorney being hereby ratified and confirmed, except to the extent any of the same constitute gross negligence or willful misconduct, such power being coupled with an interest is irrevocable, upon the occurrence of a Default or an Event of Default: (i) to complete, date, execute and file or cause to be filed the Assignment attached hereto as Exhibit A and incorporated hereby by reference (the "Assignment") in the United States Patent and Trademark Office and in all other applicable offices, and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purpose of the Assignment; (ii) to collect proceeds from the Trademarks (including, by way of example, license royalties and proceeds of infringement suits); (iii) to convey in any transaction authorized by the Loan Agreement, any goods covered by the registrations listed on Schedule 1 to any purchaser thereof; (iv) to make payment or discharge taxes or liens levied or placed upon or threatened against any goods covered by the registrations listed on Schedule 1, the legality or validity thereof and the amounts necessary to discharge the same to be determined by Agent, in its sole discretion, and such payments made by Agent to become the obligations of each Grantor to Agent, due and payable immediately, without demand. Notwithstanding the foregoing provisions of this Section 3(b), the Agent acquires no security interest or other rights in the United States for any Trademark that is the subject of an intent-to-use application before the U.S. Patent and Trademark Office until such time as a verified amendment to allege use or statement of use is filed for such application or the Agent arranges for an assignment of such Trademarks from the Agent to a purchaser that would satisfy the requirements of Section 10 of the Lanham Act, 15 U.S.C. Section 1060. At the time that Agent seeks to transfer all other Trademarks pursuant to Exhibit A, it may also complete

Exhibit B with respect to any U.S. intent-to-use applications and, provided that Exhibit B satisfies the conditions of the preceding sentence, each Grantor agrees that it will promptly execute and return the same to Agent.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**SNYDER'S DRUG STORES, INC.**

By: Wm. D. White  
Name: William D. White  
Title: Chief Financial Officer

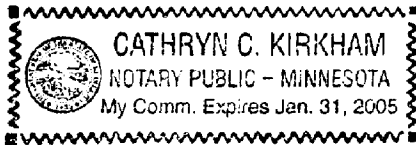
**ACKNOWLEDGMENT OF GRANTOR**

STATE OF Minnesota  
COUNTY OF Hennepin ) ss.

On this 14th day of November, 2001 before me personally appeared William D. White, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of Snyder's Drug Stores, Inc., who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

Cathryn C. Kirkham  
Notary Public

{SEAL}







**ACCEPTED AND ACKNOWLEDGED BY:**

**THE CIT GROUP/BUSINESS CREDIT, INC.,  
as Agent**

By: *Dany Prager*  
Name: *GARY PRAGER*  
Title: *EXECUTIVE VICE PRESIDENT*

CORP/829540.1



**SCHEDULE 1**  
to  
**TRADEMARK SECURITY AGREEMENT**  
**UNITED STATES TRADEMARK REGISTRATIONS**

<b>MARKS OWNED BY SNYDER'S DRUG STORES, INC.</b>			
<b>Mark</b>	<b>Serial Number</b>	<b>Registration Number</b>	<b>Registration/File Date</b>
Snyder Express (and Design)	74-257682	1839086	June 7, 1994
Yes Express (Stylized)	74-144912	1774505	June 1, 1993
Snyder (Stylized)	73-242169	1200797	July 13, 1982
Snyder (Stylized)	73-083583	1062507	March 29, 1977 March 29, 1997 (renewal)
<b>MARKS OWNED BY DRUG EMPORIUM OF MICHIGAN, INC.</b>			
Your Friends for Life*	75-896845		January 14, 2000 (filed) January 30, 2001 (allowed)
F&M	75-855639		November 22, 1999 (filed)
DRUGEMPORIUM.COM	75-744665	2379247	August 22, 2000
Emporium Gold	75-617016	2285644	October 12, 1999
Savings So Big You Need A Shopping Cart!	75-608033	2318834	February 15, 2000
DEdirect (Stylized)	75-504835	2393996	October 10, 2000
DEdirect (Stylized)	75-496013	2292352	November 16, 1999
Drug Emporium Consumer Direct*	75-496007		June 4, 1998 (filed) January 18, 2000 (allowed)
DEdirect	75-495946	2297691	December 7, 1999
Drug Emporium Prescription Plus	75-127523	2346272	May 2, 2000

\* indicates an intent-to-use application for which a verified amendment to allege use or statement of use has not been filed

Heart of the Holidays (and Design)	74-595882	1933083	November 7, 1995
(Design Only)	74-031124	1642377	April 23, 1991 April 23, 2001 (renewal)
Drug Emporium	73-203802	1157763	June 16, 1981 June 16, 2001 (renewal)
Drug Emporium	73-274718	1222834	January 4, 1983
Drug Emporium (and Design)	73-274729	1180620	December 1, 1981
Natural Foods Health Emporium (and Design)	74-701309	2094087	September 9, 1997
Vix (Stylized)	74-496641	1929181	October 24, 1995
Vix	74-496640	1924232	October 3, 1995
<b>MARKS OWNED BY DRUG EMPORIUM, INC.</b>			
F & M Super Drug Stores	74-556729	1935028	November 14, 1995

**EXHIBIT A**

**COLLATERAL ASSIGNMENT OF TRADEMARKS AND GOODWILL**

**THIS ASSIGNMENT** dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ from \_\_\_\_\_, a \_\_\_\_\_ corporation and \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Assignors"), to **THE CIT GROUP/BUSINESS CREDIT INC.**, a New York corporation (the "Assignee"), recites and provides:

**WHEREAS**, Assignors are [either the owner or the licensee] of certain U.S. use-based trademarks and service marks and the registrations and use-based applications to register therefor listed in Schedule 1 hereto ("Trademarks"); and

**WHEREAS**, Assignee desires to obtain for the Lenders all of each Assignor's right, title and interest in all such Trademarks.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each Assignor hereby grants, assigns and conveys to Assignee, its successors and assigns, the entire right, title and interest of such Assignor in and to the Trademarks, including without limitation all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), and the right to sue for past, present and future infringements, together with the goodwill of the business symbolized by the Trademarks. Each Assignor acknowledges that it has granted Assignee the right to secure the assets of such Assignor associated with the business symbolized by the Trademarks, under separate agreement.

Each Assignor further agrees to execute such further instruments and documents and perform such further acts as Assignee may deem necessary to secure to Assignee the rights herein conveyed.

[\_\_\_\_\_]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**

**COLLATERAL ASSIGNMENT OF TRADEMARKS AND GOODWILL**

**THIS ASSIGNMENT** dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ from \_\_\_\_\_, a \_\_\_\_\_ corporation and \_\_\_\_\_, a \_\_\_\_\_ corporation (the "Assignors"), to **THE CIT GROUP/BUSINESS CREDIT INC.**, a New York corporation (the "Assignee"), recites and provides:

**WHEREAS**, Assignors are [either the owner or the licensee] of certain U.S. trademarks and service marks that are the subject of intent-to-use applications to register in the U.S. Patent and Trademark Office listed in Schedule 1 hereto ("Trademarks"); and

**WHEREAS**, Assignee desires to obtain for the Lenders all of each Assignor's right, title and interest in all such Trademarks.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each Assignor hereby grants, assigns and conveys to Assignee, its successors and assigns, the entire right, title and interest of such Assignor in and to the Trademarks, including without limitation all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), and the right to sue for past, present and future infringements, together with the goodwill of the business symbolized by the Trademarks. Each Assignor acknowledges that it has granted Assignee the right to secure the assets of such Assignor associated with the business symbolized by the Trademarks, under separate agreement. As indicated below, each Trademarkark is the subject of a verified allegation of use under Section?1(c) or 1(d) of the Lanham Act that has been filed with the U.S. Patent and Trademark Office, or it is being assigned as part of a transfer of the entire business or portion thereof to which the Marks pertain as required by Section?10 of the Lanham Act.

Each Assignor further agrees to execute such further instruments and documents and perform such further acts as Assignee may deem necessary to secure to Assignee the rights herein conveyed.

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Attest: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_