



05-06-2002



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Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings $\Rightarrow \Rightarrow \Rightarrow$

RECORD & TRADEMARK OFFICE
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DEPARTMENT OF COMMERCE
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): M&D Balloons, Inc. c/o Anagram International, Inc., 7700 Anagram Drive Eden Prairie, MN 55344

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State, Delaware
 Other _____ *4.30.02*

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

2. Name and address of receiving party(ies)

Name: Fleet National Bank, as
Internal Collateral Agent
Address: _____

Street Address: 100 Federal Street
Mail Stop MADE10011A
City: Boston State: MA Zip: 02110

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

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: March 20, 2002

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

A. Trademark Application No.(s)
76/269750; 76/230811; 74/583716
76/058444

Additional number(s) attached Yes No

B. Trademark Registration No.(s)
N/A

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

Name: Elizabeth Akiloff
Internal Address: c/o O'Melveny & Myers LLP

Street Address: 153 East 53rd Street
53rd Floor, Room 5305
City: New York State: NY Zip: 10022

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41).....\$ 115.00

Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
N/A

(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.

Elizabeth Akiloff 4/26/02
Name of Person Signing Signature Date

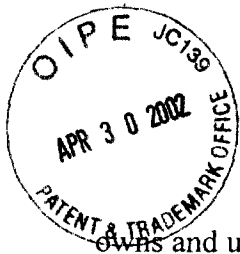
Total number of pages including cover sheet, attachments, and document:

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

05/03/2002 TDIAZ1 00000127 76269750

01 FC:481 40.00 OP
02 FC:482 75.00 OP

TRADEMARK
REEL: 2499 FRAME: 0393



GRANT OF TRADEMARK SECURITY INTEREST

WHEREAS, **M&D BALLOONS, INC.**, a Delaware corporation ("**Grantor**"), owns and uses in its business, and will in the future adopt and so use, various intangible assets, including the Trademark Collateral (as defined below);

WHEREAS, **AMSCAN HOLDINGS, INC.**, a Delaware corporation ("**Company**"), as borrower, has entered into an Amended and Restated AXEL Credit Agreement dated as of September 17, 1998 (said Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time, being the "**AXEL Credit Agreement**") with the financial institutions named therein as lenders (collectively, together with their respective successors and assigns party to the AXEL Credit Agreement from time to time, "**AXEL Lenders**") and **FLEET NATIONAL BANK ("Fleet")**, as administrative agent for AXEL Lenders, pursuant to which AXEL Lenders have made certain commitments, subject to the terms and conditions set forth in the AXEL Credit Agreement, to extend certain term loan credit facilities (the "**AXEL Loans**") to Company;

WHEREAS, Company has entered into an Amended and Restated Revolving Loan Credit Agreement dated as of September 17, 1998 (said Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time, being the "**Revolving Loan Credit Agreement**"; together with the AXEL Credit Agreement, the "**Credit Agreements**") with the financial institutions named therein as lenders (collectively, together with their respective successors and assigns party to the Revolving Loan Credit Agreement from time to time, the "**Revolving Loan Lenders**"; together with the AXEL Lenders, the "**Lenders**") and Fleet, as administrative agent for Revolving Loan Lenders, pursuant to which Revolving Loan Lenders have made certain commitments, subject to the terms and conditions set forth in the Revolving Loan Credit Agreement, to extend certain revolving loan credit facilities (the "**Revolving Loans**", together with the AXEL Loans, the "**Loans**") to Company.

WHEREAS, Company may from time to time enter into one or more Interest Rate Agreements (collectively, the "**Lender Interest Rate Agreements**") with one or more Lenders (in such capacity, collectively, "**Interest Rate Exchangers**");

WHEREAS, Grantor has executed and delivered a counterpart to that certain Subsidiary Guaranty dated as of December 19, 1997 (said Subsidiary Guaranty, as it may hereafter be amended, supplemented or otherwise modified from time to time, being the "**Guaranty**") in favor of Fleet, as collateral agent for and representative of (in such capacity herein called "**Secured Party**") the Lenders and their respective agents party to the Credit Agreements and any Interest Rate Exchangers, pursuant to which Grantor has guaranteed the prompt payment and performance when due of all obligations of Company under the Credit Agreements and all obligations of Company under the Lender Interest Rate Agreements, including the obligation of Company to make payments thereunder in the event of early termination thereof; and

WHEREAS, pursuant to the terms of that certain Subsidiary Patent and Trademark Security Agreement dated as of March 20, 2002 (as amended, supplemented or otherwise modified from time to time, the "**Security Agreement**") between Grantor and Secured

Party, Grantor has agreed to create in favor of Secured Party, for the benefit of Lenders and Interest Rate Exchangers, a secured and protected interest in, and Secured Party has agreed to become a secured creditor with respect to, the Trademark Collateral:

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, subject to the terms and conditions of the Guaranty and the Security Agreement, Grantor hereby assigns and grants to Secured Party a security interest in all of Grantor's right, title and interest in and to the following, in each case whether now or hereafter existing or in which Grantor now has or hereafter acquires an interest (either directly or pursuant to a license or otherwise) and wherever the same may be located (the "**Trademark Collateral**"), as security for the Secured Obligations (as defined in the Security Agreement):

(a) (1) all trademarks, service marks, designs, logos, indicia, tradenames, trade dress, corporate names, company names, business names, fictitious business names, trade styles and/or other source and/or business identifiers and applications pertaining thereto that are owned or used by Grantor in its business, or that are hereafter adopted and so used (in each case whether in whole or in part), including the trademarks specifically identified on Schedule I annexed hereto (all of the Collateral described in this clause (1) being referred to herein collectively as the "**Trademarks**"); (2) all registrations that have been or may hereafter be issued or applied for on any existing or future Trademarks in the United States or any state thereof or in any foreign country, including the registrations and applications specifically identified on Schedule I annexed hereto (all of the Collateral described in this clause (2) being referred to herein collectively as the "**Trademark Registrations**"); (3) all common law and other rights (but in no event any of the obligations) in and to the Trademarks in the United States or any state thereof or in any foreign country (all of the Collateral described in this clause (3) being referred to herein collectively as the "**Trademark Rights**"); (4) all goodwill of Grantor's business symbolized by the Trademarks and associated therewith, including the documents and other things described in the following paragraph (b) (all of the Collateral described in this clause (4) being referred to herein collectively as the "**Associated Goodwill**"); and (5) the right (but not the obligation) to register claims under any state or federal trademark law or regulation or any trademark law or regulation of any foreign country and to apply for, renew and extend the Trademarks, Trademark Registrations and Trademark Rights, and the right (but not the obligation) to sue or bring opposition or cancellation proceedings in the name of Grantor or in the name of Secured Party or otherwise for past, present and future infringements of the Trademarks, Trademark Registrations or Trademark Rights and all rights (but not obligations) corresponding thereto in the United States or any state thereof or any foreign country; it being understood that the rights and interests included in this paragraph (a) shall include all rights and interests pursuant to licensing or other contracts in favor of Grantor pertaining to any Trademarks, Trademark Registrations or Trademark Rights presently or in the future owned, held or used by third parties but, in the case of third parties which are not Affiliates of Grantor, only to the extent permitted by such licensing or other contracts and, if not so permitted under such contracts, only with the consent of such third parties;

(b) the following documents and things in Grantor's possession, or subject to Grantor's right to possession, related to (Y) the production, sale and delivery by Grantor, or by any Affiliate, licensee or subcontractor of Grantor, of products or services sold or delivered by or

under the authority of Grantor in connection with the Trademarks, Trademark Registrations or Trademark Rights (which products and services shall, for purposes of this Agreement, be deemed to include products and services sold or delivered pursuant to merchandising operations utilizing any Trademarks, Trademark Registrations or Trademark Rights) or (Z) any retail or other merchandising operations conducted under the name of or in connection with the Trademarks, Trademark Registrations or Trademark Rights by Grantor or any Affiliate, licensee or subcontractor of Grantor:

(1) all lists and ancillary documents that identify and describe any of Grantor's customers, or those of its Affiliates, licensees or subcontractors, for products sold and services delivered under or in connection with the Trademarks or Trademark Rights, including any lists and ancillary documents that contain a customer's name and address, the name and address of any of its warehouses, branches or other places of business, the identity of the Person or Persons having the principal responsibility on a customer's behalf for ordering products or services of the kind supplied by Grantor, or the credit, payment, discount, delivery or other sale terms applicable to such customer, together with information setting forth the total purchases, by brand, product, service, style, size or other criteria, and the patterns of such purchases;

(2) all product and service specification documents and production and quality control manuals used in the manufacture or delivery of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights;

(3) all documents which reveal the name and address of any source of supply, and any terms of purchase and delivery, for any and all materials, components and services used in the production of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights; and

(4) all documents constituting or concerning the then current or proposed advertising and promotion by Grantor or its Affiliates, licensees or subcontractors of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights, including all documents which reveal the media used or to be used and the cost for all such advertising conducted within the described period or planned for such products and services;

(c) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the Trademark Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(d) to the extent not otherwise included in the foregoing paragraphs (a) - (c), all general intangibles relating to the Trademark Collateral; and

(e) all proceeds, products, rents and profits (including license royalties and proceeds of infringement suits) of or from any and all of the foregoing Trademark Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or

damage to or otherwise with respect to any of the foregoing Trademark Collateral. For purposes of this Grant of Trademark Security Interest, the term "**proceeds**" includes whatever is receivable or received when Trademark Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

Grantor does hereby further acknowledge and affirm that the rights and remedies of Secured Party with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Grant of Trademark Security Interest to be duly executed and delivered by its officer thereunto duly authorized as of the 20 day of March, 2002.

M&D BALLOONS, INC.

By: Michael G. Conville
Name:
Title:

**SCHEDULE I
TO
GRANT OF TRADEMARK SECURITY INTEREST**

REGISTERED TRADEMARKS

<u>Name</u>	<u>Owner</u>	<u>App. #</u>	<u>Status</u>	<u>Classes</u>	<u>Goods/Services</u>
BALLOON SWEETS	M&D Balloons, Inc.	76/269750	Pending	30	Candy, namely candy-filled container with balloon attachment
DYNAFLOAT	M&D Balloons, Inc.	76/230811	Pending	28	Toy Balloons
MAKING THE WORLD A HAPPIER PLACE	Balloon Zone Wholesale, Inc.	74/583716	Registered	28	Full line of balloons
SQUEEZE BALLOONS	M&D Balloons, Inc.	76/058444	Allowed	28	Balloons