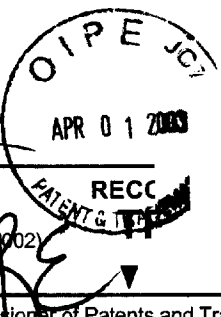


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DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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

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

1. Name of conveying party(ies):
South Cone, Inc.

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

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

2. Name and address of receiving party(ies)
Name: Royal Bank of Canada, New York Branch
as administrative agent
Address: One Liberty Plaza

Street Address: 165 Broadway, 5th Flr.
City: New York State: NY Zip: 10006

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other foreign branch licensed by OCC

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: May 10, 2002

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

A. Trademark Application No.(s)
75/688709

B. Trademark Registration No.(s)
1671171

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Heidi M. Flinn, Esq.

Internal Address: _____

Street Address: Bingham Dana LLP
399 Park Avenue

City: New York State: NY Zip: 10022

6. Total number of applications and registrations involved: 25

7. Total fee (37 CFR 3.41).....\$ 640

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.

John C. Sorensen John C. Sorensen May 30, 2002
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 8

01/11/02 02 6TON11 00000120 75688709 Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231
FC:4E 40.00 OP
FC:4F 600.00 OP

TRADEMARK
REEL: 002705 FRAME: 0701

SCHEDULE I
to Trademark Security Agreement

Item A. Trademarks

<u>Registered Trademarks</u>			
<u>Country</u>	<u>Trademark</u>	<u>Registration No.</u>	<u>Registration Date</u>
U.S.A.	Authentic Reef Brazil Surf Sandals	1671171	01/07/1992
U.S.A.	Blinder	2068065	06/03/1997
U.S.A.	Convertible	2177729	08/04/1998
U.S.A.	D-Tour and Design	1802813	11/02/1993
U.S.A.	Dakka	2064151	05/20/1997
U.S.A.	Flower Logo	2418358	01/02/2001
U.S.A.	R1 Reef One	2411196	12/05/2000
U.S.A.	RB Dealer	2250292	06/01/1999
U.S.A.	RB Slide	2207536	12/01/1998
U.S.A.	Reef	2418438	01/02/2001
U.S.A.	Reef	2244373	05/11/1999
U.S.A.	Reef	2280009	09/21/1999
U.S.A.	Reef (Speed Logo)	2315934	02/08/2000
U.S.A.	Reef Brazil & Design	1953107	01/30/1996
U.S.A.	Reef Brazil & Design	1693142	06/09/1992
U.S.A.	Reef Brazil Classic	2354140	05/30/2000
U.S.A.	Reef Brazil Classic	2354028	05/30/2000
U.S.A.	Reef Brazil Girl	2177592	07/28/1998
U.S.A.	Reef Girl	2177591	07/28/1998
U.S.A.	Reef Oil	1166023	08/25/1981
U.S.A.	Reef One	2270861	08/17/1999
U.S.A.	Reef USA	2291470	11/09/1999
U.S.A.	Striped Sandal Design	1575081	01/02/1990
U.S.A.	Stylized Reef	2286269	10/12/1999

<u>Pending Trademark Applications</u>			
<u>Country</u>	<u>Trademark</u>	<u>Serial No.</u>	<u>Filing Date</u>
U.S.A.	Reef	75/688709	04/22/1999

TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT, dated as of May 10, 2002 (this "Agreement"), is made between SOUTH CONE, INC., a California corporation (the "Grantor"), in favor of ROYAL BANK OF CANADA, as administrative agent (in such capacity, the "Administrative Agent") for each of the Secured Parties.

WITNESSETH:

WHEREAS, pursuant to a Credit Agreement, dated as of May 10, 2002 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Grantor, the various financial institutions as are, or may from time to time become, parties thereto (each individually a "Lender" and collectively the "Lenders"), and the Administrative Agent for each of the Secured Parties, and RBC Leveraged Capital, as arranger (in such capacity the "Arranger"), the Lenders and the Issuer have extended Commitments to make Credit Extensions to the Grantor;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Borrower Pledge and Security Agreement, dated as of May 10, 2002 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to clause (e) of Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Administrative Agent a continuing security interest in all of the Patent Collateral (as defined below) to secure all Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby assigns, pledges, hypothecates, charges, mortgages, delivers, and transfers to the Administrative Agent, for its benefit and the ratable benefit of each other Secured Party, and hereby grants to the Administrative Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the following property, whether now or hereafter existing or acquired by the Grantor (the "Trademark Collateral"):

1. (i) all of its trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired including those referred to in Item A of Schedule I hereto, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any other country or political subdivision thereof or otherwise, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as the "Trademark");

2. all Trademark licenses for the grant by or to the Grantor of any right to use any Trademark, including each Trademark license referred to in Item B of Schedule I hereto;

3. all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (a), and to the extent applicable clause (b);

4. the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clause (a) and, to the extent applicable, clause (b); and

5. all proceeds of, and rights associated with, the foregoing, including any claim by the Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Administrative Agent in the Trademark Collateral with the United States Patent and Trademark Office and corresponding offices in other countries of the world. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Administrative Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Administrative Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Trademark Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with

respect to (A) such Trademark Collateral (in the case of clause (i)) or (B) all Trademark Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Administrative Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Trademark Collateral held by the Administrative Agent hereunder, and execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Administrative Agent 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 (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

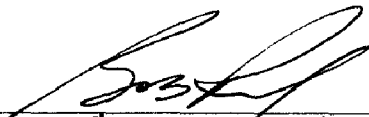
SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by Authorized Officer as of the date first above written.

SOUTH CONE, INC.,
as Grantor

By: 
Title: *Chief Executive Officer / President*

ROYAL BANK OF CANADA,
as Administrative Agent

By: _____
Title: _____

ROYAL BANK OF CANADA, NEW
YORK BRANCH,
as Administrative Agent

By: 
Title: Gail Watkin
Manager, Agency

Trademark Applications in Preparation

<u>Country</u>	<u>Trademark</u>	<u>Docket No.</u>	<u>Expected Filing Date</u>	<u>Products/ Services</u>
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Item B. Trademark Licenses

<u>Country or Territory</u>	<u>Trademark</u>	<u>Licensor</u>	<u>Licensee</u>	<u>Effective Date</u>	<u>Expiration Date</u>
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