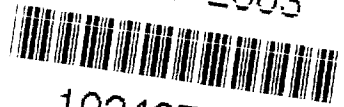


04-23-2003

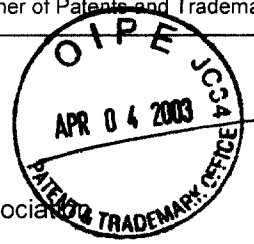
FORM PTO-1594 (modified) RECOF  
(Rev. 03/01)  
OMB No. 0651-0027 (exp. 5/31/2002)

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



102427589

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



1. Name of conveying party(ies):  
**Healthy Pet Corp.**

Individual(s)       Association

Corporation - State: DELAWARE

General Partnership       Limited Partnership

Other: \_\_\_\_\_

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

2. Name and address of receiving party(ies):  
Name: Caltius Mezzanine Partners II, L.P.

Street  
Address: 11766 Wilshire Blvd.  
Suite 850  
Los Angeles, California 90025

Individual(s) citizenship: \_\_\_\_\_

Association \_\_\_\_\_

General Partnership of: \_\_\_\_\_

Limited Partnership of: DELAWARE

Corporation-State: \_\_\_\_\_

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

3. Nature of conveyance:

Assignment       Merger

Security Agreement       Change of Name

Other: \_\_\_\_\_

Execution Date: March 12, 2003

4. Application number(s) or registration number(s):  
A. Trademark Application No.(s)  
**75/450,690 76/194,455**

B. Trademark Registration No.(s)

Additional numbers attached  Yes  No

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

Name: Raymond Millien, Esq.

Firm: PIPER RUDNICK LLP

Address: 1200 Nineteenth Street, NW

City: Washington State: DC ZIP: 20036

04/22/2003 EC00PER 00000179 75450690

01 FC:0521 40.00 DP  
02 FC:0522 25.00 DP

6. Total number of applications and registrations involved: ..... **2**

7. Total fee (37 C.F.R. § 3.41). . . . . \$ 65.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:  
501150

(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.*

Raymond Millien, Esq.  
Name of Person Signing

Signature

04/04/2003  
Date

Total no. of pages incl. cover sheets, attachments, and document: **11**

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

TRADEMARK  
REEL: 002716 FRAME: 0347

**INTELLECTUAL PROPERTY SECURITY AGREEMENT**

This Intellectual Property Security Agreement (the "Intellectual Property Security Agreement") is entered into as of March 12, 2003 by and between:

**Caltius Mezzanine Partners II, L.P.**, a Delaware limited partnership having its principal place of business at 11766 Wilshire Blvd., Suite 850, Los Angeles, CA 90025, individually and in its capacity as agent for the Holders ("Agent"); and

**Healthy Pet Corp.**, a Delaware corporation having its principal place of business at 1720 Post Road, Fairfield, CT 06824 ("Company"), and each of its subsidiaries party to the Security Agreement (collectively, together with the Company, "Grantors" and each individually a "Grantor").

RECITALS

A. Pursuant to that certain Investment Agreement of even date herewith between Grantors, Agent and the other parties thereto (the "Investment Agreement"), the Holders have agreed to make certain advances of money and other financial accommodations to Grantors in the amounts and manner set forth in the Investment Agreement.

B. In order to induce the Holders to enter into the Investment Agreement and to consummate the transactions thereunder, each Grantor has agreed to grant to Agent, individually and in its capacity as agent for the Holders, a security interest in certain Copyrights, Trademarks and Patents to secure the obligations of Grantors under the Investment Agreement and as specified in that certain Security Agreement of even date herewith between Grantors, Agent and the other parties thereto (the "Security Agreement").

C. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Investment Agreement and/or the Security Agreement.

D. Pursuant to the terms of the Investment Agreement and Security Agreement, each Grantor has granted to Agent, for itself and for the benefit of all the Holders, a security interest in all of Grantor's right, title and interest, whether presently existing or hereafter acquired, in, to and under all of the Collateral.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, as collateral security for the prompt and complete payment when due of its obligations under the Investment Agreement and Security Agreement, Grantors hereby represent, warrant, covenant and agree as follows:

## AGREEMENT

1. To secure its obligations under the Investment Agreement and Security Agreement, each Grantor grants and pledges to Agent, for itself and for the benefit of all the Holders, a security interest in all of Grantor's right, title and interest in, to and under its Intellectual Property type Collateral (including, without limitation, those Copyrights, Patents and Trademarks listed on *Exhibits A, B and C*, respectively, hereto), and including without limitation all proceeds thereof (such as, by way of example but not by way of limitation, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all reissues, divisions, continuations, renewals, reexaminations, extensions and continuations-in-part thereof.

2. In addition to all other rights and remedies, upon the occurrence and continuation of an Event of Default (subject, however, to any applicable cure periods), the Agent shall have the following rights and remedies with respect to the Intellectual Property, each of which may be exercised without notice to, or consent by, the Grantors except as expressly provided for herein:

a. The Agent may require that the Grantors and all of their Affiliates thereof immediately discontinue any existing use of the Intellectual Property and that neither the Grantors nor any Affiliate thereof make any further use of the Intellectual Property for any purpose whatsoever;

b. Each Grantor agrees that the Agent, and any designee of the Agent, each shall have, and each is hereby granted, an irrevocable, royalty-free, perpetual, and worldwide license to reproduce, distribute, publicly perform, publicly display, create derivative works of, make, have made, sell, offer to sell, or otherwise use (including the right to sublicense) Grantor's Intellectual Property (and including Grantor's rights to any Intellectual Property to the extent that the license granted in this Section would not violate the rights granted to Grantor), including, as to any Trademark, the goodwill of Grantor's business in which the Trademark is used, or that part of the goodwill of Grantor's business connected with the use of and symbolized by the Trademark, in and in connection with (i) collecting Collateral, (ii) manufacturing, completing, and repairing Collateral, (iii) marketing, selling, leasing, licensing, or disposing of Collateral, and (iv) exercising Agent's rights and remedies under this Agreement (or otherwise) relating to Collateral. Grantors shall indemnify and hold harmless Agent, and its designees, shareholders, directors, officers, employees, agents, attorneys, accountants, and other advisors, from and against (i) any and all claims (including claims for royalties and/or money damages and/or claims for injunctive relief), liabilities, damages, royalties, and penalties of any Person arising from or relating to the license granted to Agent in this Section (or arising from or relating to Agent's use of the license granted in this Section), and (ii) Agent's costs and expenses (including attorney's fees) incurred by Agent to defend against any such claims, liabilities, damages, royalties, and penalties. Grantor's indemnity and hold harmless obligations provided in this Section shall survive the payment and satisfaction of the Obligations arising from the Investment Documents, the

termination of the security interests created under this Agreement, and the termination of any other provisions of this Agreement.

3. This security interest is granted in conjunction with the security interest granted to Agent under the Security Agreement. The rights and remedies of Agent with respect to the security interest granted hereby are in addition to those set forth in the Investment Agreement, the Security Agreement and the other Security Documents, and those which are now or hereafter available to Agent as a matter of law or equity. Each right, power and remedy of Agent provided for herein or in the Investment Agreement, the Security Agreement or any of the Security Documents, or now or hereafter existing at law or in equity shall be cumulative and concurrent and shall be in addition to every right, power or remedy provided for herein and the exercise by Agent of any one or more of the rights, powers or remedies provided for in this Intellectual Property Security Agreement, the Investment Agreement, the Security Agreement or any of the other Security Documents, or now or hereafter existing at law or in equity, shall not preclude the simultaneous or later exercise by any person, including Agent, of any or all other rights, powers or remedies.

4. Grantors represent and warrant that *Exhibits A, B, and C* attached hereto set forth any and all intellectual property rights for which Grantors have registered or filed an application with either the United States Patent and Trademark Office, the United States Copyright Office or any foreign counterpart offices, as applicable.

5. This Intellectual Property Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute the same instrument.

6. Whenever possible, each provision of this Intellectual Property Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Intellectual Property Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Intellectual Property Security Agreement. This Intellectual Property Security Agreement is to be read, construed and applied together with the Investment Agreement, the Security Agreement and the other Secured Financing Documents which, taken together, set forth the complete understanding and agreement of Agent, Holders and Grantors with respect to the matters referred to herein and therein.

7. This Intellectual Property Security Agreement and all obligations of Grantors hereunder shall be binding upon the successors and assigns of Grantors (including any debtor-in-possession on behalf of any Grantor) and shall, together with the rights and remedies of Agent, for the benefit of Agent and Holders, hereunder, inure to the benefit of Agent and Holders, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion

thereof or interest therein shall in any manner impair the Lien granted to Agent, for the benefit of Agent and Holders, hereunder. Grantors may not assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Intellectual Property Security Agreement.

8. This Intellectual Property Security Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding its law on conflict of laws.

9. This Intellectual Property Security Agreement shall terminate on the Termination Date.

{signature pages follow}

IN WITNESS WHEREOF, the parties have caused this Intellectual Property Security Agreement to be duly executed by its officers thereunto duly authorized as of the first date written above.

**HEALTHY PET CORP.**

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

Name: Gino Volpacchio  
Title: **PRESIDENT**

**HEALTHY PET CORP. OF CONNECTICUT, INC.**

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

Name: Gino Volpacchio  
Title: **PRESIDENT**

**ANIMAL WELLNESS CENTERS, LLC,**

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

Name: Gino Volpacchio  
Title: **PRESIDENT**

**HEALTHY PET CORP. OF MASSACHUSETTS, INC.**

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

Name: Gino Volpacchio  
Title: **PRESIDENT**

**HANSON ANIMAL HOSPITAL, INC.**

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

Name: Gino Volpacchio  
Title: **PRESIDENT**

**WHITMAN ANIMAL HOSPITAL, INC.**

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

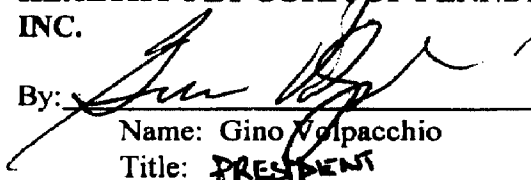
Name: Gino Volpacchio  
Title: **PRESIDENT**

**METRO CAT HOSPITAL OF BROOKLINE, INC.**

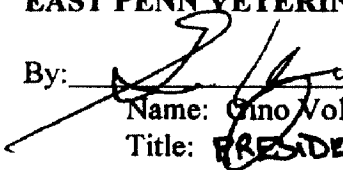
By: \_\_\_\_\_

Name: Gino Volpacchio  
Title: **PRESIDENT**

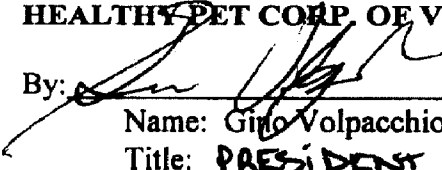
**HEALTHY PET CORP. OF PENNSYLVANIA,  
INC.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

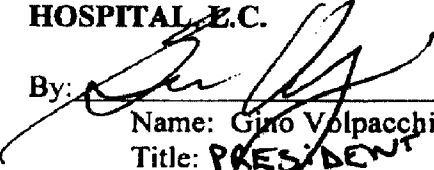
**EAST PENN VETERINARY ASSOCIATES, INC.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

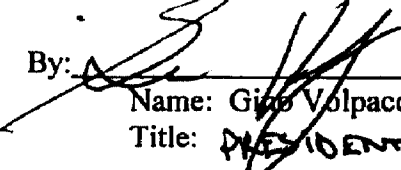
**HEALTHY PET CORP. OF VIRGINIA, INC.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

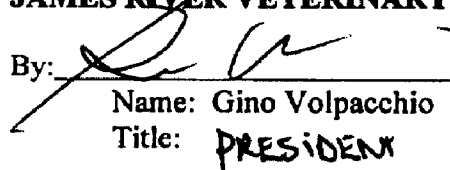
**AIRLINE BOULEVARD VETERINARY  
HOSPITAL, E.C.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

**ANIMAL CARE ASSOCIATES, INC.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

**JAMES RIVER VETERINARY HOSPITAL, INC.**

By:   
Name: Gino Volpacchio  
Title: **PRESIDENT**

**PETERSBURG ANIMAL HOSPITAL, INC.**

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

Name: Gino Volpacchio

Title: **PRESIDENT**

**PETS FIRST, INC.**

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

Name: Gino Volpacchio

Title: **PRESIDENT**

**TRI-CITY ANIMAL HOSPITAL, INC.**

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

Name: Gino Volpacchio

Title: **PRESIDENT**

**WEST END VETERINARY HOSPITAL, INC.**

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

Name: Gino Volpacchio

Title: **PRESIDENT**



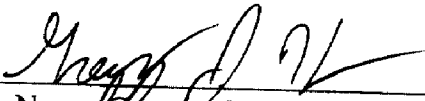
**AGENT:**

**CALTUS MEZZANINE PARTNERS II, L.P.**

By: LUSB, L.L.C., General Partner

By: Libra Investors III, L.L.C.,  
Its Managing Member,

As Agent

By:   
Name: Gregory J. Howorth  
Title: Managing Director

Intellectual Property Security Agreement  
3736787  
30138-12

**TRADEMARK**  
**REEL: 002716 FRAME: 0355**

**EXHIBIT A - Copyrights**

None.

**EXHIBIT B - Patents**

None.

**EXHIBIT C - Trademarks**

<u>Mark</u>	<u>Registration/Application Number</u>	<u>Registration/Application Date</u>
HEALTHY PET	U.S. 75450690	October 24, 2000