

10-2703

10-30-2003

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

1. Name of conveying party(ies):

Royce Hosiery, LLC

Individual(s) Association

General Partnership Limited Partnership

Corporation-State

Other Limited Liability Company

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

2. Name and address of receiving party(ies)

Name: Kaupthing Bunadarbanki hf

Internal

Address: Att: Thordur Jansson

Street Address: Austurstraeti 5

155 Reykjavik Country: Iceland

City: _____ State: _____ Zip: _____

Individual(s) citizenship _____

Association _____

General Partnership _____

Limited Partnership _____

Corporation-State _____

Other Icelandic banking 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: _____

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See attached Schedule A

Additional number(s) attached Yes No

B. Trademark Registration No.(s)

See attached Schedule A

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

Name: Breslow & Walker, LLP

Internal Address: Att: Leonard Breslow

Street Address: 100 Jericho Quadrangle

Suite 230

City: Jericho State: NY Zip: 11753

6. Total number of applications and registrations involved: 13

7. Total fee (37 CFR 3.41).....\$340.00

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.

Lev Breslow Lev Breslow 10/24/03

Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 7

10/29/2003 EDDOPER 00000170 1068437

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

01 FC:8521 40.00 SP
02 FC:8522 300.00 SP

Schedule A

Registration Number

1. 1,868,437
2. 1,594,314
3. 1,148,984
4. 361,211
5. 433,667
6. TM9760
7. 309,802
8. 3,133,239
9. 2,016,179
10. 1,593,721
11. 2,097,871
12. 9933/2002
13. B94/7282

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of October 9, 2003, by ROYCE HOSIERY, LLC, a New York limited liability company ("Grantor"), in favor of KAUPTHING BUNADARBANKI hf., an Icelandic banking association ("Lender").

WITNESSETH:

WHEREAS, Grantor and Lender are entering into that certain Securities Purchase Agreement of even date herewith (the "Purchase Agreement") pursuant to which Lender is purchasing two promissory notes and a warrant from the Grantor for an aggregate purchase price of \$30,000,000;

WHEREAS, Lender is willing to enter into the Purchase Agreement, but only upon the condition, among others, that Grantor shall have executed and delivered to Lender that certain Security Agreement, dated as of even date herewith (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantor is required to execute and deliver to Lender 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, Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in Security Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Grantor hereby grants to Lender a continuing security interest in all of 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 its Trademarks and Trademark Licenses (other than Trademark Licenses that, by their terms, prohibit such a grant or the exercise of Lender of rights thereunder or where such a grant or such exercise would give rise to a termination right in the counterparty thereto unless and until any required consents have been obtained) to which it 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 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. SECURITY AGREEMENT. The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to Lender pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Lender with respect to the security interest in the Trademark Collateral made and 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 Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

ROYCE HOSIERY, LLC

By: Keystone Holdings, LLC, its sole member

By: Paul E. Palmeri
Name: Paul E Palmeri
Title: CEO

ACCEPTED AND ACKNOWLEDGED BY:

KAUPTHING BUNADARBANKI hf.,

By: Robert Gibbons
Robert Gibbons, Authorized Signatory

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

ACKNOWLEDGMENT OF GRANTOR

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

On this 9th day of October, 2003, before me personally appeared Paul Palmer, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of ROYCE HOSIERY, LLC, who being by me duly sworn did depose and say that he is an authorized officer of said limited liability company, that the said instrument was signed on behalf of said limited liability company as authorized by its sole managing member and that he acknowledged said instrument to be the free act and deed of said limited liability company.

Harris J Diamond
Notary Public

HARRIS J DIAMOND
NOTARY PUBLIC, State of New York
No. 02D16071473
My Commission Expires 03/18/2006

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT
TRADEMARK REGISTRATIONS

Trademarks (with Application/Registration numbers, as applicable)

<u>Trademark</u>	<u>Country</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
RR(stylized)	United States	1,868,437	12/20/94
ROYCE	United States	1,594,314	5/ 1/90
ROYCE	Germany	1,148,984	2/16/89
ROYCE (disclaimed)	Canada	361,211	10/27/89
ROYCE & RR design	Canada	433,667	9/23/94
ROYCE (expired; not renewed)	Thailand	TM9760	3/23/93
ROYCE	Korea	309,802	3/16/95
HARRIET ROYCE	Japan	3,133,239	3/29/96
ROYCE NY & design	United States	2,016,179	11/12/96
ROYCE	Argentina	1,593,721	3/14/96
OOH! AHH! CUSHION COMFORT	United States	2,097,871	9/16/97
ROYCE	Mexico (renewed)	9933/2002	12/ 6/11
ROYCE	South Africa	B94/7282	7/12/94

Unregistered Trademarks

Ditto Legwear
Natural Cotton
Victorian Cotton

License Agreements

Levi Strauss & Co. (Dockers) license dated as of January 1, 2000
Hershey Foods Corporation license dated July 1, 2002
Levi Strauss & Co. (Levi's) license dated as of January 1, 2000
Levi Strauss & Co. (Sublicense Mexicana de Calcentines, S.A. de C.V.)
agreement dated June 11, 1997 (Levi's and Dockers)
Nine West Development Corporation license dated November 26, 1996 (Nine
West) and Amendment No. 1 dated as of January 1, 1999 and Amendment
No. 2 dated as of January 1, 2003
Nine West sublicense with Doris Hosiery Mills, Ltd., dated August 21, 2000
Nine West (Nine & Company) license dated as of August 1, 2002
LS & Co. Trading Partner Extranet Security Agreement, Seller with Levi Strauss
& Co., dated February 11, 2002
General Mills Inc. Trademark License Agreement dated February 28, 2003