

10-14-2004

To the Honorable Assistant Secretary and Commissioner  
original document(s) or copy(ies) thereof.

record the attached

1. Name of conveying party(ies):

Spring Air Partners - New Jersey, Inc.

☐ Individual(s)

☐ Association

☐ General Partnership

☐ Limited Partnership

☒ Corporation- New Jersey

☐ Other

Additional name(s) of conveying party(ies) attached?

☒ Yes or ☐ No? See attached list of additional conveying parties

3. Nature of conveyance:

☐ Assignment of Interest

☐ Merger

☒ Security Agreement

☐ Change of Name

Collateral Assignment of Intellectual Property and grant of Security Interest

☐

Execution Date: As of September 24, 2004

2.

Name of receiving party(ies):

Name: SAPNA Debt Holding, LLC

Street Address 745 Boylston Street, Suite 203  
Boston, MA 02116

☐ Individual(s) citizenship

☐ Association

☐ General Partnership

☐ Limited Partnership

☐ Corporation -

☒ Other Limited liability company - Delaware

If assignee is not domiciled in the United States, a domestic

Representative designation is attached: ☐ Yes or ☒ No?

(Designations must be a separate document from Assignment)

Additional name(s) & address(es) attached? ☐ Yes or ☒ No?

4. Application number(s) or registration number(s): Attorney Docket No.: 16532.031800

A. Trademark Application No.(s): See Schedule A

B. Trademark Registration No.

Additional numbers attached? ☒ Yes or ☐ No? See Schedule A

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

Name: Greenberg Traurig, P.A. Attn: Manuel Valcarcel, Esq.

Internal Address: \_\_\_\_\_

Street Address: 1221 Brickell Avenue

City: Miami, State: Florida ZIP: 33131

6. Total number of applications and registrations involved: 16

7. Total fee (37 C.F.R. § 3.41) ..... \$415.00

☒ Enclosed

☒ Authorized any deficiency to be charged to deposit account

8. Deposit account Number: 50-1792

(Attach duplicate copy of this page if paying by deposit account)

10/13/2004 6TOM11 00000071 1748523

01 EC:8521 40.00 DP  
02 EC:8522 375.00 DP

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.*

Manuel R. Valcarcel, Esq.

Name of Person Signing

Signature

October 7, 2004

Date

Total number of pages including cover sheet(s): 19

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion

Mail documents to be recorded with required cover sheet information:

Mail Stop Assignment Recordation Services  
Director of the United States Patent & Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C.

**Additional Conveying Parties**

2. Spring Air Partners – North America, Inc., a Delaware corporation.
3. Spring Air Partners – California, Inc., a New Jersey corporation.
4. Spring Air Partners – Canada, Inc., a Delaware corporation.
5. Spring Air Partners – Texas, a New Jersey corporation.
6. Chattam & Wells, Inc., a Delaware corporation.
7. Southland Bedding Company, a Texas corporation.
8. Spring Air California – Deluxe Bedding Co., Inc., a California corporation.
9. 3038313 Nova Scotia Company, a Nova Scotia company.

**Schedule A**  
**U.S. Trademarks-Spring Air Partners-New Jersey, Inc.**

	Trademark	Country	Registration Number	Registration Date
1.	COMFORT ENHANCER	United States	1748523	January 26, 1993
2.	CUSTOM REST	United States	1397684	June 17, 1986
3.	DURAZONE	United States	2246675	May 18, 1999
4.	FIFTH AVENUE COLLECTION	United States	1267156	February 14, 1984
5.	ORTHO FITNESS	United States	1610590	August 21, 1990
6.	PERM-A-QUILT	United States	0826859	April 4, 1967
7.	POSTURE CORRECTOR	United States	1695612	June 16, 1992
8.	SELECT-A-PEDIC	United States	0785203	February 16, 1965
9.	SPINAL ADJUSTER	United States	1666766	December 3, 1991
10.	SPINE-SAVER	United States	0693844	March 1, 1960
11.	STRESS RELIEVER	United States	1675119	February 11, 1992
12.	ULTRA-PEDIC	United States	0820743	December 20, 1966
13.	VITA-REST	United States	0820742	December 20, 1966

**U.S. Trademark Applications-Spring Air Partners-New Jersey, Inc.**

	Trademark Application	Application/Serial Number	Application Date
14.	DUAL PEDIC	76610267	August 27, 2004
15.	CUSTOM CUSHION	76610266	August 27, 2004
16.	FIFTH AVENUE COLLECTION	76610125	August 27, 2004

\\MIA-SRV01\1590184v01

## COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY

COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY (hereinafter referred to as the "Agreement"), is dated as of September 24, 2004, by and among SAPNA DEBT HOLDING, LLC, a Delaware limited liability company with its principal office at 745 Boylston Street, Suite 203, Boston, MA 02116 ("Lender") and SPRING AIR PARTNERS-NORTH AMERICA, INC., a Delaware corporation ("SAP-NA"), SPRING AIR PARTNERS-CALIFORNIA, INC., a New Jersey corporation ("SAP-CA"), SPRING AIR PARTNERS-CANADA, INC., a Delaware corporation ("SAP-CAN"), SPRING AIR PARTNERS-NEW JERSEY, INC., a New Jersey corporation ("SAP-NJ"), SPRING AIR PARTNERS-TEXAS, INC., a New Jersey corporation ("SAP-TX"), CHATTAM & WELLS, INC., a Delaware corporation ("C&W, Inc."), SOUTHLAND BEDDING COMPANY, a Texas corporation ("Southland"), SPRING AIR CALIFORNIA-DELUXE BEDDING CO., INC., a California corporation ("SAC-DBC"), and 3038313 NOVA SCOTIA COMPANY, a Nova Scotia company ("NSC"), each its principal place of business at 134 Spring Street, New York, New York 10012 (collectively, SAP-NA, SAP-CA, SAP-CAN, SAP-NJ, SAP-TX, C&W, Inc., Southland, SAC-DBC and NSC are referred to herein individually and collectively as "Borrower"; any reference herein to "Borrower" means "each Borrower" or "any Borrower", as the context requires, unless otherwise specified herein).

### RECITALS

WHEREAS, Borrower and Lender are parties to a Loan and Security Agreement of even date herewith (as the same may be amended, modified or supplemented from time to time, the "Loan Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit to be made by Lender to Borrower; and

WHEREAS, in order to induce Lender to enter into the Loan Agreement, Borrower has agreed to collaterally assign the Collateral (as hereafter defined) to secure Borrower's obligations under the Loan Agreement, including, without limitation, its obligations under that certain Term Note, issued pursuant to the Loan Agreement (as the same may be amended, modified or supplemented from time to time, the "Note").

NOW, THEREFORE, for good and valuable consideration, and to secure the payment and performance of all the Secured Obligations (as defined below), the parties hereto agree as follows:

**SECTION 1. DEFINITIONS.** All capitalized terms used herein and not otherwise defined shall have the meanings prescribed there, for in the Loan Agreement. The following additional terms, as used herein, shall have the following respective meanings:

"Copyrights" means all copyrights, whether now existing or hereafter acquired, all registrations thereof, and all applications in connection therewith, including, without limitation, those described in Schedule I hereto, and all reissues, extensions or renewals thereof.

**"Copyright License"** means any agreement now or hereafter in existence providing for the grant by or to Borrower of any right to exercise any Copyright, including, without limitation, the agreements described in Schedule I hereto.

**"Copyright Office"** means the United States Copyright Office.

**"Domain Names"** means all unique names that identifies Internet sites registered by or granted to Borrower.

**"Patent and Trademark Office"** means the United States Office of Patents and Trademarks.

**"Patent License"** means all agreements, whether written or oral, providing for the grant by or to Borrower of any right to manufacture, use or sell any invention covered by a Patent, including, without limitation, any thereof referred to in Schedule I hereto.

**"Patents"** means all patents and patent applications (including each patent and patent application described on Schedule I hereto), including, without limitation, the inventions and improvements described therein, together with (a) any additional applications for patents for said inventions and discoveries, or any part or parts thereof, and any applications for patents of confirmation, registration and importation based on any Letters Patent issuing on said inventions, discoveries, or applications and divisions, continuations, renewals, revivals, reissues, reexaminations and extensions thereof; (b) any Letters Patent which may issue thereon in the United States or in any country, and any renewals, revivals, reissues, reexaminations and extensions thereof, and any patents of confirmation, registration and importation of the same; and (c) all Convention and Treaty Rights of all kinds thereon, including without limitation all rights of priority in any country of the world, in and to the above inventions, discoveries and applications.

**"Secured Obligations"** means all indebtedness, obligations, and other liabilities of Borrower to Lender, whether such obligations are now existing or hereafter incurred or created, joint or several, direct or indirect, absolute or contingent, due or to become due, matured or unmatured, liquidated or unliquidated, arising by contract, operation of law or otherwise, including, without limitation, (a) the aggregate unpaid principal amount of, accrued interest on, and fees and costs, including attorneys' fees and costs, incurred by Lender in the collection and enforcement of its rights under, the Note; (b) all other amounts (including, without limitation, any fees or costs, including attorneys' fees and costs, incurred by Lender in the enforcement of its rights hereunder or under the Loan Agreement) payable by Borrower under the Loan Agreement, the Note or any other document, instrument, or agreement executed in connection therewith; (c) all amounts payable by Borrower hereunder; and (d) any renewals, refinancings or extensions of any of the foregoing.

**"Trademark License"** means any written agreement now or hereafter in existence providing for the grant by or to Borrower of any right to use any Trademark, including, without limitation, the agreements described in Schedule I hereto.

**"Trademarks"** means all of the following: all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos,

other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings and applications in the Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including, without limitation, those described in Schedule I hereto, and all reissues, extensions or renewals thereof.

All terms used herein but not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

**SECTION 2. COLLATERAL ASSIGNMENT.** As collateral security for the prompt and complete payment and performance of all the Secured Obligations, together with any and all expenses which may be incurred by Lender in collecting any or all of such Secured Obligations or enforcing any rights, obligations or liabilities under the Loan Agreement or any other Financing Agreement (including, without limitation, this Agreement), Borrower hereby collaterally assigns to Lender all of Borrower's right, title and interest in, to and under the following, whether presently existing or hereafter arising or acquired (collectively, the "Intellectual Property Collateral"):

(a) all Copyrights;

(b) all Copyright Licenses;

(c) all proceeds and products of each Copyright and Copyright License, including, without limitation, all income, royalties, damages and payments now or hereafter due and/or payable with respect to any Copyright or Copyright License, including damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (clauses (a) through (c), collectively the "Copyright Collateral");

(d) all Patents;

(e) all Patent Licenses;

(f) all proceeds and products of each Patent and Patent License, including without limitation, all income, royalties, damages and payments now or hereafter due and/or payable with respect to any Patent or Patent License, including damages and payments for past or future infringements thereof, the right to sue for past, present and future infringements thereof, and all rights corresponding thereto throughout the world (clauses (d) through (f), collectively the "Patent Collateral");

(g) all Trademarks;

(h) all Trademark Licenses;

(i) all of the goodwill of the business connected with the use of, and symbolized by, each Trademark and Trademark licensed;

(j) all products and proceeds of each Trademark and Trademark License, including, without limitation, any claim by Borrower against third parties for past, present or future infringement or dilution of any Trademark, including without limitation, the Trademarks referred to in Schedule I hereto, and any Trademark licensed under any Trademark License, or for injury to the goodwill associated with any Trademark or any Trademark licensed under any Trademark License (clauses (g) through (j) collectively, the "Trademark Collateral");

(k) inventions, processes, production methods, proprietary information, know-how and trade secrets used or useful in the business of Borrower ("Trade Secrets");

(l) information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, catalogs, computer and automatic machinery software and programs and the like pertaining to the business of Borrower;

(m) field repair data, sales data, and other information relating to sales or service of products now or hereafter manufactured;

(n) accounting information and all media in which or on which any of the information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data;

(o) causes of action, claims and warranties now or hereafter owned or acquired by Borrower in respect of any of the items listed above;

(p) all Domain Names and other rights associated therewith;

(q) all other Intellectual Property; and

(r) all proceeds of any of the Intellectual Property Collateral described in clauses (a) through (q).

Notwithstanding of the foregoing provisions of this Section 2, such collateral assignment and grant of security interest shall not extend to, and the term "Intellectual Property Collateral" shall not include, any of the foregoing which are now or hereafter held by Borrower to the extent that (i) the same are not assignable or capable of being encumbered as a matter of law or under the terms of any agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the other applicable party thereto and (ii) such consent has not been obtained; provided, however, that such grant of security interest shall extend to, and the term "Intellectual Property Collateral" shall include (A) any and all proceeds of the foregoing to the extent that the assignment or encumbering of such proceeds is not so restricted and (B) upon any other applicable party's consent being obtained with respect to any of the foregoing that is otherwise excluded, thereafter the same as well as any and all proceeds thereof that might have theretofore been excluded from such grant of a security interest shall be included within the term "Intellectual Property Collateral."

**SECTION 3. REPRESENTATIONS AND WARRANTIES.** As an inducement to Lender to enter into this Agreement, Borrower makes the following representations and warranties:

(a) Schedule I sets forth a complete and correct list of all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, and Trademark Licenses in which Borrower has any right, title or interest.

(b) Borrower is the sole beneficial owner of the Intellectual Property Collateral, and no lien or encumbrance exists or will exist upon any Intellectual Property Collateral at any time except for the collateral assignment and security interest in favor of Lender provided for herein, which collateral assignment and security interest constitutes a first priority perfected security interest in all of the Intellectual Property Collateral.

(c) Except pursuant to Copyright Licenses, Patent Licenses and Trademark Licenses entered into by Borrower in the ordinary course of business, which are listed in Schedule I, Borrower owns and possesses the right to use, and has done nothing to authorize or enable any other person or entity to use, the Copyrights, Patents and Trademarks listed on Schedule I, and all registrations listed on Schedule I are valid and in full force and effect.

(d) Except as otherwise disclosed in the Loan Agreement, to the best of Borrower's knowledge (i) there is no violation by others of any right of Borrower with respect to any Copyright, Patent or Trademark listed on Schedule I, (ii) Borrower is not infringing in any respect upon any Copyright, Patent or Trademark of any other person or entity, and (iii) no proceedings have been instituted or are pending against Borrower, or to Borrower's knowledge, threatened, alleging any such violation.

Borrower agrees that it will at its expense and at Lender's request, (i) defend the Intellectual Property Collateral from any and all claims and demands of any other person or entity and (ii) that it will not grant, create or permit to exist any lien or encumbrance upon the Intellectual Property Collateral in favor of any other person or entity, except as otherwise permitted by the Loan Agreement. Borrower hereby agrees to pay, indemnify, and hold Lender harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses of disbursements of any kind or nature whatsoever with respect to the Intellectual Property Collateral, including, without limitation, claims of patent or trademark infringement, provided that Borrower shall have no obligation hereunder with respect to such indemnification arising from Lender's gross negligence or willful misconduct.

**SECTION 4. CONTINUED USE OF THE COPYRIGHTS, PATENTS AND TRADEMARKS.** During the term of this Agreement, Borrower shall utilize and employ the Copyright, Patents and Trademarks listed on Schedule I hereto in the same or similar manner as it has in the past, and shall employ the appropriate notice of such Copyrights, Patents and Trademarks in connection with the works for which such Copyrights, Patents and Trademarks were granted. Borrower agrees to use its best ability to maintain the registration of the Copyrights, Patents and Trademarks listed on Schedule I hereto in full force and effect by taking any action which it believes necessary in its reasonable business judgment, through attorneys of its choice, all at its expense. In the event that any Copyright, Patent or Trademark is infringed by



a third party, so as to have a material adverse effect on the Intellectual Property Collateral or Lender's rights with respect thereto, or if such infringement gives rise to litigation or to the filing of a claim or notice of opposition with the Copyrights Office or the Patent and Trademark Office, as applicable, Borrower shall promptly notify Lender and shall take such actions as may be required in its reasonable business judgment to terminate such infringement. Any damages recovered from the infringing party (less attorney's fees and court costs) shall be deemed to be part of the Intellectual Property Collateral. Borrower shall not assign this Agreement or any rights in any Intellectual Property Collateral or the material protected thereby without the prior written approval of Lender and such attempted assignment shall be void ab initio.

**SECTION 5. CONTINUING LIABILITY.** Borrower hereby expressly agrees that, anything herein to the contrary notwithstanding, it shall remain liable under each license, interest and obligation assigned to Lender hereunder to observe and perform all the conditions and obligations to be observed and performed by Borrower thereunder, all in accordance with and pursuant to the terms and provisions thereof. Lender shall not have any obligation or liability under any such license, interest or obligation by reason of or arising out of this Agreement or the collateral assignment thereof to Lender or the receipt by Lender of any payment relating to any such license, interest or obligation pursuant hereto, nor shall Lender be required or obligated in any manner to perform or fulfill any of the obligations of Borrower thereunder or pursuant thereto, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any such license, interest or obligation, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

**SECTION 6. NEW COPYRIGHTS, PATENTS AND TRADEMARKS.** If, before the Secured Obligations shall have been satisfied in full, Borrower shall (a) obtain rights to any new Copyrights, (b) obtain rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent listed on Schedule I or any improvement on any such Patent, or (c) obtain rights to any new Trademarks, Borrower shall give to Lender prompt notice thereof in writing hereof, and shall execute and deliver, and cause to be filed with the Copyright Office or the Patent and Trademark Office, as applicable, a modification of this Agreement amending Schedule I hereto to include such new Copyright, Patent or Trademark thereon. Notwithstanding the foregoing, Borrower hereby irrevocably appoints Lender its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, to execute an amendment of this Agreement on behalf of Borrower amending Schedule I hereto to include such new Copyright, Patent or Trademark.

**SECTION 7. REMEDIES.** (a) If an Event of Default has occurred, Lender may exercise, in addition to all other rights and remedies granted to it in this Agreement and the Note, and all documents, instruments, and agreements executed in connection therewith, all rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, Borrower expressly agrees that in any such event Lender, without demand of performance or other demand, advertisement or notice of any kind (except to such extent as notice may be required by applicable law with respect to the time or place of any public or private sale) to or upon Borrower or any other person or entity (all and each of which

demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Intellectual Property Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Intellectual Property Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange, broker's board or at any of Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Intellectual Property Collateral so sold, free of any right or equity of redemption in Borrower, which right or equity is hereby expressly waived and released. To the extent permitted by applicable law, Borrower waives all claims, damages and demands against Lender arising out of the repossession, retention or sale of the Intellectual Property Collateral.

(a) Without limiting the generality of the foregoing, if an Event of Default has occurred,

(b) Lender may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Patents or Trademarks included in the Intellectual Property Collateral throughout the world for such term or terms, on such conditions and in such manner as Lender shall in its sole discretion determine, the proceeds of such license or sublicense to be applied to the payment of the Secured Obligations;

(c) Lender may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of Borrower in, to and under any Copyright Licenses, Trademark Licenses or Patent Licenses and take or refrain from taking any action under any thereof, and Borrower hereby releases Lender from, and agrees to hold Lender free and harmless from and against, any claims arising out of any lawful action so taken or omitted to be taken with respect thereto other than any claims arising by reason of Lender's own gross negligence or willful misconduct; and

(d) in the event of any disposition pursuant to this Section, Borrower shall supply its know-how and expertise relating to the manufacture and sale of the products bearing Trademarks, and its customer lists and other records relating to such Trademarks and to the distribution of said products, to Lender.

**SECTION 8. GRANT OF LICENSE TO USE INTANGIBLES.** For the purpose of enabling Lender to exercise rights and remedies under Section 7 hereof at such time as Lender, without regard to this Section 8, shall be lawfully entitled to exercise such rights and remedies and for no other purpose, Borrower hereby grants to Lender an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Borrower) to use, assign, license or sublicense any of the Intellectual Property Collateral, whether now owned or hereafter acquired by Borrower, and wherever the same be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

**SECTION 9. POWER OF ATTORNEY.** Borrower hereby irrevocably appoints Lender its true and lawful attorney (such appointment coupled with an interest), with full power of substitution, in the name of Borrower, Lender, or otherwise, for the sole use and benefit of Lender, but at Borrower's expense, to exercise (to the extent permitted by law), at any time and from time to time after an Event of Default has occurred until all of the Secured Obligations have been satisfied in full, all or any of the following powers with respect to all or any of the Intellectual Property Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, transfer, assign, lease, license, sublicense, grant an option with respect to, or otherwise deal in or with the Intellectual Property Collateral or the proceeds or avails thereof, as fully and effectually as if Lender were the absolute owner thereof; and

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto.

**SECTION 10. NOTICES.** All notices under this Agreement shall be in writing, and shall be given and shall be effective in accordance with the Loan Agreement.

**SECTION 11. SEVERABILITY.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or enforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**SECTION 12. NO WAIVER; CUMULATIVE REMEDIES.** Lender shall not, by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Lender, and then only to the extent therein set forth. A waiver by Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Lender would otherwise have had on any other occasion. No failure to exercise nor any delay in exercising on the part of Lender any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

**SECTION 13. WAIVERS; AMENDMENTS.** None of the terms and provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing executed by the parties hereto.

**SECTION 14. LIMITATION BY LAW.** All rights, remedies and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions hereof are intended to be subject to all

applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

**SECTION 15. SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and shall inure to the benefit of Lender and its successors and assigns, and nothing herein or in the Loan Agreement or any document, instrument, or agreement executed in connection therewith is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect thereof.

**SECTION 16. TERMINATION AND REASSIGNMENT.** Lender agrees that upon the payment in full and satisfaction of all the Secured Obligations following the termination of the Term Loan, the collateral assignments and security interests created by this Agreement and any proceeds thereof or distributions in respect thereof shall be released, and Lender will execute all such documents as may be reasonably requested by Borrower to release such security interests and to terminate such assignment (without representation or warranty).

**SECTION 17. APPLICABLE LAW.** This Agreement shall be governed by, and be construed and interpreted in accordance with, the laws of the State of New York without regard to its conflict of laws principles.

**SECTION 18. CONFLICTS.** In the event there is an irreconcilable conflict between the rights granted to Lender pursuant to this Agreement and the rights granted to Lender pursuant to the Loan Agreement, the terms of the Loan Agreement shall control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first set forth above.

LENDER:

SAPNA DEBT HOLDING, LLC

By: Peter F. Cornetta  
Peter Cornetta, Managing Director

BORROWER:

SPRING AIR PARTNERS – NORTH AMERICA,  
INC.

By: Les Ayers  
Les Ayers, President and Chief Executive  
Officer

SPRING AIR PARTNERS-CALIFORNIA, INC.

By: Les Ayers  
Les Ayers, President and Chief Executive  
Officer

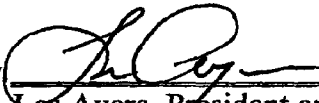
SPRING AIR PARTNERS-CANADA, INC.

By: Les Ayers  
Les Ayers, President and Chief Executive  
Officer


SPRING AIR PARTNERS-NEW JERSEY, INC.

By: Les Ayers  
Les Ayers, President and Chief Executive  
Officer


SPRING AIR PARTNERS-TEXAS, INC.

By:   
Les Ayers, President and Chief Executive  
Officer


CHATTAM & WELLS, INC.

By:   
Les Ayers, President and Chief Executive  
Officer


SOUTHLAND BEDDING COMPANY,

By:   
Les Ayers, President and Chief Executive  
Officer

SPRING AIR CALIFORNIA-DELUXE BEDDING  
CO., INC.

By:   
Les Ayers, President and Chief Executive  
Officer

3038313 NOVA SCOTIA COMPANY

By:   
Les Ayers, President and Chief Executive  
Officer

**Schedule I**

**U.S. Trademarks**

Trademark	Country	Registration Number	Registration Date
ANGELICA	United States	2216713	January 5, 1999
CHATTAM & WELLS & DESIGN	United States	2182334	August 18, 1998
CHATTAM & WELLS	United States	2279289	September 21, 1999
CHATTAM EDGE	United States	2217121	January 12, 1999
COMFORT ENHANCER	United States	1748523	January 26, 1993
CUSTOM REST	United States	1397684	June 17, 1986
CYNTHIA	United States	2180554	August 11, 1998
DANIELLE	United States	2180555	August 11, 1998
DURAZONE	United States	2246675	May 18, 1999
ELIZABETH	United States	2176845	July 28, 1998
FIFTH AVENUE COLLECTION	United States	1267156	February 14, 1984
FLEUR DE LIS	United States	2412915	December 12, 2000
FRANCESCA	United States	2180553	August 11, 1998
ISABELLA	United States	2175069	July 21, 1998
KATHERINE	United States	2176844	July 28, 1998
MAISON ROYALE	United States	2657064	December 3, 2002
MARLENA	United States	2176843	July 28, 1998
ORTHO FITNESS	United States	1610590	August 21, 1990
PERM-A-QUILT	United States	0826859	April 4, 1967
PORTRAIT FRAME	United States	2195622	October 13, 1998

Trademark	Country	Registration Number	Registration Date
POSTURE CORRECTOR	United States	1695612	June 16, 1992
ROYAL EUROPEAN MATTRESS	United States	2612317	August 27, 2002
SABRINA	United States	2175068	July 21, 1998
SELECT-A-PEDIC	United States	0785203	February 16, 1965
SENSOR TECH	United States	2835396	April 20, 2004
SPINAL ADJUSTER	United States	1666766	December 3, 1991
SPINE-SAVER	United States	0693844	March 1, 1960
STRESS RELIEVER	United States	1675119	February 11, 1992
TIMELESS QUALITY CRAFTED BY HAND	United States	2185864	September 1, 1998
ULTRA-PEDIC	United States	0820743	December 20, 1966
VERONICA	United States	2180552	August 11, 1998
VITA-REST	United States	0820742	December 20, 1966

#### U.S. Trademark Applications

Trademark Application	Application/Serial Number	Application Date
DUAL PEDIC	76610267	August 27, 2004
CUSTOM CUSHION	76610266	August 27, 2004
FIFTH AVENUE COLLECTION	76610125	August 27, 2004

#### Foreign Trademarks

Trademark	Country	Registration Number	Registration Date
CHATTAM & WELLS	Argentina	1694478	October 9, 1998
CHATTAM & WELLS	Australia	A.801172	June 27, 2001
CHATTAM & WELLS	Brazil	819978256	Published
CHATTAM & WELLS	Canada	524623	March 10, 2000



Trademark	Country	Registration Number	Registration Date
CHATTAM & WELLS	China	1258426	March 28, 1999
CHATTAM & WELLS	Community (EU)	582163	May 31, 1999
CHATTAM & WELLS	Hong Kong	10463	August 26, 1999
CHATTAM & WELLS	Indonesia	415241	April 20, 1998
CHATTAM & WELLS	Japan	199910463	August 26, 1999
CHATTAM & WELLS	Korea	436428	December 30, 1998
CHATTAM & WELLS	Kuwait	37114	January 28, 2002
CHATTAM & WELLS	Malaysia	97/12021	Published
CHATTAM & WELLS	Mexico	573352	March 27, 1998
CHATTAM & WELLS	Singapore	T97/086271	Published
CHATTAM & WELLS	Taiwan	819836	November 1, 1998
CHATTAM & WELLS	Thailand	KOR81068	October 29, 1998
PORTRAIT FRAME	Australia	A.801171	September 20, 2000

#### PATENTS

Title	Inventor	Registration Number	Issue Date
Anti-Roll Off Mattress Construction	Kluft, Earl Sanderson	6249924	June 26, 2001
Corner Guard for Mattress	Patterson, Ken	5878455	March 9, 1999
Anti-Roll Off Mattress Construction	Kluft, Earl Sanderson	6223370	May 1, 2001

#### COPYRIGHTS

Copyright	Registration Number	Registration Date	Author/Claimant
Chattam & Wells: Timeless Quality,	TX4606949	July 28, 1997	Chattam & Wells Mattress Company,

Crafted By Hand		LLC
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### DOMAIN NAMES

Domain Name	Subdomain Name(s)	Organization
SAP-ASIA.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-CA.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-CANADA.COM	sap-on.ca; sap-qc.ca	Spring Air Partners-North America, Inc.
SAP-NA.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-NJ.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-ON.NET	None Recorded	Spring Air Partners-North America, Inc.
SAP-PA.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-QC.COM	None Recorded	Spring Air Partners-North America, Inc.
SAP-TX.COM	None Recorded	Spring Air Partners-North America, Inc.
CHATTAMANDWELLS.COM	None Recorded	Chattam and Wells

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Collateral Assignment of Intellectual Property

RECORDED: 10/08/2004

TRADEMARK  
REEL: 003063 FRAME: 0229