

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Corrective License to delete incorrect registration number 1995376 previously recorded at Reel/Frame 0797/0748.		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
National Spirit Group, Ltd.		03/13/1991	LIMITED PARTNERSHIP: TEXAS
RECEIVING PARTY DATA			
Name:	NCNB Texas National Bank		
Street Address:	901 Main Street		
Internal Address:	7th Floor		
City:	Dallas		
State/Country:	TEXAS		
Postal Code:	75202		
Entity Type:	national banking association: UNITED STATES		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	1341584	CHEEROBICS	
CORRESPONDENCE DATA			
Fax Number:	(901)680-7201		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	(901) 680-7271		
Email:	jim.montgomery@butlersnow.com		
Correspondent Name:	James D. Montgomery		
Address Line 1:	P.O. Box 171443		
Address Line 4:	Memphis, TENNESSEE 38187		
NAME OF SUBMITTER:	James D. Montgomery		
Signature:	/James D. Montgomery/		
Date:	05/09/2005		

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Total Attachments: 79

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GARDERE & WYNNE
ATTORNEYS AND COUNSELLORS
901 MAIN STREET, SUITE 3701
LOCK BOX 151
DALLAS, TEXAS 75202

WRITER TO RECD DIA. NUMBER

214/999-4354

214 979 4500

TELECOPIER 214 999 4367

CABLE GARWYN

TELEX 73 0107

June 26, 1991

VIA FEDERAL EXPRESS

Commissioner of Patents and Trademarks
Patent and Trademark Office
Box Assignments
Washington, D.C. 20231
Status: Lucy

Re: National Spirit Group, Ltd.

Dear Commissioner:

Enclosed please find the following:

1. Your office's Notice of Non-Recordation of Document, Control No. 8910/3436;
2. A file-marked copy of the letter dated March 13, 1991 that was originally submitted in connection with the Notice of Security Interest in Trademarks;
3. The corrected and initialled Notice of Security Interest in Trademarks;
4. Your office's Notice of Non-Recordation of Document, Control No. 8910/4233;
5. A file-marked copy of the letter dated March 13, 1991 that was originally submitted in connection with the License Agreement;
6. The corrected and initialled License Agreement dated as of March 13, 1991 between National Spirit Group, Ltd., as Licensor and NCNB Texas National Bank as Licensee; and
7. Two self-addressed stamped postcards which are to be file-marked upon receipt of these documents. Please return the file-marked postcards.

Should you have any questions, please do not hesitate to call.

Sincerely yours,

Margaret Chance
Legal Assistant

mc/
Enclosures
6/26/91
JW/MS

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ASSIGNMENTS

TRADE-MARK

REEL 0797 FRAME 748

TRADEMARK
REEL: 003079 FRAME: 0644



GARDERE & WYNNE
ATTORNEYS AND COUNSELORS

901 MAIN STREET, SUITE 3701
LOCK BOX 181
DALLAS, TEXAS 75202

214-979-4600



TELECOPIER 214-999-4367
CABLE GARWYN
TELEX 73-0197

214/999-4354

March 13, 1991

VIA HAND DELIVERY

Commissioner of Patents and Trademarks
Patent and Trademark Office
Washington, D.C. 20231

Re: License Agreement dated as of March 13, 1991 between National Spirit Group, Ltd.
as Licensor and NCNB Texas National Bank as Licensee

Dear Commissioner:

Enclosed please find the following:

1. An originally executed License Agreement dated as of March 13, 1991 between National Spirit Group, Ltd. as Licensor and NCNB Texas National Bank as Licensee which is to be filed in your office;
2. There are 20 Trademark Registration Numbers in this document;
3. A self-addressed, stamped postcard which your office needs to file-mark upon receipt of this document; and
4. A self-addressed, stamped envelope for returning the original file-marked document.

Please return the file-marked License Agreement in the attached self-addressed stamped envelope which has been provided for your convenience to the undersigned.

Should you have any questions, please do not hesitate to call.

Very truly yours,

Margaret Chance
Margaret Chance
Legal Assistant

160.00
56.00
104.00

mc/
Enclosures
6-20-91
10-30-91

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TRADE-MARK

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TRADE-MARK

LICENSE AGREEMENT

dated as of March 13, 1991

Between

NATIONAL SPIRIT GROUP, LTD.
as Licensor

and

NCNB TEXAS NATIONAL BANK
as Licensee

TRADEMARK

REEL: 003079 FRAME: 0646

LICENSE AGREEMENT

6.14.91
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LICENSE AGREEMENT, dated as of March 13, 1991, by and between National Spirit Group, Ltd., a Texas limited partnership ("Licensor"), and NCNB Texas National Bank, a national banking association organized under the laws of the United States of America ("Licensee").

WITNESSETH:

WHEREAS, Licensor presently owns and will hereafter acquire right, title, and interest (including rights and interests pursuant to licenses) throughout the world in various Trademarks, Patents, Copyrights and Trade Secrets (hereinafter, collectively, the "Intellectual Property");

WHEREAS, NCNB Texas National Bank and Licensor have entered into a Loan Agreement dated as of March 13, 1991 (as the same may be supplemented, amended and modified from time to time, being the "Loan Agreement");

WHEREAS, as security for the payment and performance of the Obligations which are owed by Licensor to Licensee pursuant to the Loan Documents, Licensor has agreed to grant or cause to be granted to Licensee, security interests in, and pledges and assignments of, all assets of Licensor, including all cash, Inventory, Receivables, Equipment and the Intellectual Property, a license to use the Intellectual Property and certain other collateral, to secure the Obligations;

WHEREAS, Licensee desires a license, to the extent not prohibited by applicable Laws, to use the Intellectual Property in all countries of the world solely upon the occurrence and during the continuance of an Event of Default solely to enable Licensee to exercise its rights and remedies with respect to the Collateral under the Security Agreement;

WHEREAS, Licensor desire to grant Licensee the foregoing license to so use the Intellectual Property; and

WHEREAS, the parties acknowledge the excellent reputation for quality of products sold under the Intellectual Property, and desire to safeguard, promote and enhance that reputation by ensuring the future quality of materials, workmanship, and performance of the Inventory with respect to which Licensee has been granted a security interest and pledge and assignment and may exercise its rights and remedies under the Security Agreement and Intellectual Property Agreement, upon the occurrence and during the continuance of an Event of Default.

AGREEMENT:

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

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ARTICLE I. DEFINITIONS

- 1.1 "Collateral" has the same definition provided in the Security Agreement.
- 1.2 "Effective Date" means March 13, 1991.
- 1.3 "Equipment" has the same definition provided in the Security Agreement.
- 1.4 "Intellectual Property Agreement" means the Intellectual Property Security Agreement and Assignment dated as of March 13, 1991 between Licensor and Licensee in the form of Exhibit B attached hereto and incorporated herein.
- 1.5 "Inventory" has the same definition provided in the Security Agreement.
- 1.6 "Receivables" has the same definition provided in the Security Agreement.
- 1.7 "Security Agreement" means the Security Agreement dated as of March 13, 1991 between Licensor and Licensee in the form of Exhibit A attached hereto and incorporated herein.
- 1.8 Unless otherwise defined in this Agreement, all capitalized terms herein shall have the same definition provided in the Intellectual Property Agreement and the Security Agreement.

ARTICLE II. GRANTS TO LICENSEE AND RELATED MATTERS

2.1 Subject to the terms hereof, Licensor hereby grants to Licensee an irrevocable royalty-free right and license to use the Intellectual Property worldwide including, without limitation, the Intellectual Property identified in Schedule 1, but solely upon the occurrence of and during the continuance of an Event of Default, and solely to enable Licensee to exercise its rights and remedies under the Security Agreement and Intellectual Property Agreement with respect to Collateral, including, without limitation, the right to use the Intellectual Property on or in connection with the disposition, maintenance or further production, manufacturing or processing of the Inventory as Licensee reasonably deems necessary or appropriate in the exercise of its rights and remedies under the Security Agreement and Intellectual Property Agreement with respect to Inventory.

The parties acknowledge and agree that the Intellectual Property is the sole and exclusive property of Licensor, subject to the terms and conditions stated in this Agreement, the Security Agreement and the Intellectual Property Agreement. Other than in connection with any security interest in the Intellectual Property that Licensor has granted to Licensee pursuant to the Security Agreement and the Intellectual Property Agreement or any rights and remedies of Licensee under

the Security Agreement or the Intellectual Property Agreement, Licensee shall not challenge Licensor's ownership of the Intellectual Property. Licensor expressly retains all rights to license third parties to use the Intellectual Property for any purpose whatsoever not in violation of the Loan Documents and which are not exclusive so as to prevent Licensee from using any of the Intellectual Property as provided in the Security Agreement and Intellectual Property Agreement.

2.2 The license granted to Licensee hereunder shall include the right of Licensee to grant sublicenses to others to use the Intellectual Property but solely upon the occurrence of or during continuation of an Event of Default, and solely to enable such sublicensees to exercise any rights and remedies of Licensee under the Security Agreement and the Intellectual Property Agreement with respect to Collateral, including, without limitation, the right to grant sublicenses to others to use the Intellectual Property on or in connection with the disposition, maintenance or further production, manufacturing or processing of Inventory as Licensee reasonably deems necessary or appropriate in the exercise of the rights and remedies of Licensee under the Security Agreement and the Intellectual Property Agreement. In any country where sublicenses are incapable of registration or where registration of a sublicense will not satisfactorily protect the rights of Licensor and Licensee, Licensee shall also have the right to designate other parties as direct licensees of Licensor to use the Intellectual Property but solely upon the occurrence of or during the continuance of an Event of Default and solely to enable such direct licensees to exercise any rights and remedies of Licensee under the Security Agreement and the Intellectual Property Agreement including, without limitation, the right to use the Intellectual Property on or in connection with the disposition, maintenance or further production, manufacturing or processing of Inventory as such licensees reasonably deem necessary or appropriate and Licensor agrees to enter into direct written licenses with the parties as designated on the same terms as would be applicable to a sublicense, and any such direct license may, depending on the relevant local requirements, be either (a) in lieu of a sublicense or (b) supplemental to a sublicense. In either case, the parties hereto shall cooperate to determine what shall be necessary or appropriate in the circumstances. For each sublicense to a sublicensee and direct license to a licensee, Licensor appoints Licensee its agent for the purpose of exercising quality control over the sublicensee.

2.3 In connection with the assignment or other transfer (in whole or in part) of its obligations under the Security Agreement and the Intellectual Property Agreement to any other Person, Licensee may assign the license granted herein without Licensor's consent and upon such assignment or transfer such other Person shall thereupon become vested with all rights and benefits and subject to all obligations in respect thereof granted to or assumed by Licensee under this Agreement.

2.4 The parties hereto shall take reasonable action to preserve the confidentiality of the Intellectual Property, provided, that Licensee shall not have any liability to any Person for any disclosure of the Intellectual Property upon and after any realization upon Collateral under the Security Agreement or the Intellectual Property Agreement.

ARTICLE III. QUALITY CONTROL

3.1 Licensors shall refrain from using the Intellectual Property in a form and manner or for a subject matter as to (a) reduce the value of the Intellectual Property or (b) cause injury to Licensors' business, reputation or goodwill.

3.2 Upon the occurrence of or during continuation of an Event of Default in which Licensee exercises its rights or remedies under the license granted herein:

(a) Licensee may use the Trademarks licensed hereby in such form and manner as previously used by Licensors, and shall notify Licensors of any material change in the form or substance of the display of a Trademark licensed hereby. Licensee shall take reasonable action to apply trademark notice or other marking as may be required under applicable Law of each territory and country where each Trademark is used, or as otherwise appropriate, in connection with use of each of the Trademarks licensed hereunder. Licensee shall have the right to register any and all Trademarks in any and all countries on and after the Effective Date.

(b) Licensee may dispose of any Inventory and any other manufactured products under any of the Intellectual Property licensed hereby, provided the Inventory and any other manufactured products so disposed of by it or any other Person acting on behalf of Licensee shall comply in any material respect with (i) quality standards and specifications, including labelling specifications, employed by Licensors in commerce prior to the Effective Date, or, where no such standards and specifications exist, a level of quality comparable to the quality standards generally accepted for other leading competitive brands of the same item of Inventory in the same markets from time to time; or (ii) a level of quality comparable to that which may be adopted by Licensors for its or its other licensees' products. Licensors shall have the right at all reasonable times to inspect such Inventory and other manufactured products to determine the quality thereof under the Intellectual Property. Licensee shall maintain quality control commensurate with the quality standards of Licensors at the Effective Date.

ARTICLE IV. TERM AND TERMINATION

4.1 This Agreement is effective as of the Effective Date and, unless sooner terminated under the provisions set forth in this Article IV, is perpetual and irrevocable, subject, however, to the limitations on use imposed by Section 2.1.

4.2 The license granted in Article II hereof with respect to any Intellectual Property may be terminated only upon the event that the Obligations which are owed by Licensors to Licensee, and which are secured in part by the Collateral of Licensors under the Security Agreement and the Intellectual Property Agreement and by the license granted herein, are finally and fully satisfied and paid in accordance with all terms and conditions of the Loan Documents at the time of such termination. If after termination of this Agreement, there occurs a rescission of payment of any of the Obligations or the restoration of such payments by Licensee or any other Person upon the insolvency, bankruptcy or reorganization of Licensors or any other Person, this Agreement shall be

reinstated as though such payment had not been made and remain in full force and effect in accordance with the terms of the preceding sentence.

4.3 Upon termination of this Agreement, Licensee shall, and shall cause any sublicensee to, cease all use of any and all of the Intellectual Property and not thereafter use any of them in any other manner whatsoever, subject to reinstatement under Section 4.2.

4.4 Upon termination (or reinstatement) of this Agreement, the parties shall perform all other acts which may be necessary or useful to render effective the termination (or reinstatement) of the interest of Licensee in the Intellectual Property, including but not limited to the cancellation of any registration or recordation (or the reinstatement by registration or recordation) of this Agreement, or any summary thereof, or any registered user agreement.

ARTICLE V. RECORDATION OF AGREEMENT

5.1 The parties shall cooperate to determine what may or shall be required to satisfy the laws or regulations throughout the world with respect to the recordation and validation of this Agreement, or otherwise to render this Agreement and the Intellectual Property effective, and shall execute all documents which may be necessary or desirable to implement this Section 5.1, including registered user statements or other documents suitable for filing with the appropriate government authorities of any country; provided, however, no such documents shall be recorded or registered in any foreign country unless and until the occurrence of an Event of Default.

ARTICLE VI. REPRESENTATION AND WARRANTIES

6.1 Licensor represents and warrants that it is the owner of the Intellectual Property identified in Schedule 1 and has the right to grant the rights and license granted herein.

ARTICLE VII. LIABILITY INSURANCE

7.1 Licensor shall maintain liability insurance covering liabilities for its activities pursuant to this Agreement, of at least such amounts as is required by the Loan Documents.

ARTICLE VIII. MISCELLANEOUS

8.1 Failure of either party to insist upon strict performance of the terms, conditions, and provisions of this Agreement shall not be deemed a waiver of such terms, conditions or provisions or a waiver of future compliance therewith. No waiver of any terms, conditions, or provisions hereof shall be deemed to have been made unless expressed in writing and signed by the waiving party.

8.2 Any sale, transfer or other disposition of ownership of any Intellectual Property by Licensor shall be subject to this Agreement and any purchaser or transferee shall specifically state in writing that it is assuming this Agreement and that it will be bound by all of the terms and conditions of this Agreement (this sentence is not a consent by Licensee to any sale, transfer or

other disposition of any interest in Intellectual Property). After giving effect to such sale, transfer or other disposition, this Agreement shall be valid, binding, and enforceable in accordance with its terms against such purchaser or transferee. A sale, transfer or other disposition of any shares of the capital stock of Licensor shall not be deemed to be a sale, transfer or other disposition of ownership of any Intellectual Property.

8.3 Except as otherwise may be expressly provided in this Agreement or any other Loan Document, Licensee shall not be construed to be and shall not represent itself as an agent of Licensor.

8.4 Every notice provided for in this Agreement to be given by one party to another party shall be deemed given on the date received by hand delivery or registered mail, postage prepaid, to the address set forth below or such other address as may hereafter be designated by a party in writing:

To Licensor: National Spirit Group, Ltd.
9150 Markville Drive
Dallas, Texas 75243
U.S.A.

Attention: Mr. Jim Varnon

with a copy to:

R. Best Associates, Inc.
5115 Post Oak Boulevard
Suite 550
Houston, Texas 77027

Attention: Mr. Joe M. Bailey

To Licensee: NCNB Texas National Bank
NCNB Plaza
901 Main Street
7th Floor
Dallas, Texas 75202
U.S.A.

Attention: Commercial Banking Group

8.5 This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas, U.S.A.

8.6 (a) Licensor hereby irrevocably submits to the non-exclusive jurisdiction of any United States Federal or Texas State court sitting in Dallas County, Texas, U.S.A. in any action or

proceeding arising out of or relating to this Agreement, and Licensor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard or determined in any such court and hereby irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such court or that such court is an inconvenient forum.

(b) Nothing in this section shall limit the right of Licensee to bring any action or proceeding against Licensor or its property in the courts of any other jurisdiction.

(c) Any judicial proceeding by Licensor against Licensee involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement shall be brought only in a court in Dallas County, Texas, U.S.A.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers on March 12, 1991, effective as of March 13, 1991.

NATIONAL SPIRIT GROUP, LTD.

By: National Cheer Corp.
a Texas corporation and its sole
General Partner

James R. Fittly
Witness
James R. Fittly
Witness

By: Joe M. Bailey
Joe M. Bailey, Vice President

NCNB TEXAS NATIONAL BANK

James R. Fittly
Witness
James R. Fittly
Witness

By: Donald P. Hellman
Donald P. Hellman, Vice President

STATE OF TEXAS)
)
COUNTY OF DALLAS)

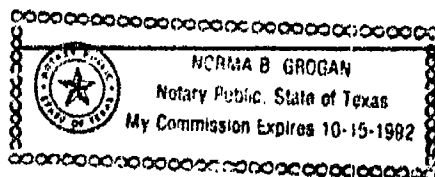
Before me, a Notary Public in and for the State of Texas, on this day personally appeared Joe M. Bailey, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Vice President of National Cheer Corp., a Texas corporation, general partner of NATIONAL SPIRIT GROUP, LTD., a Texas limited partnership, and acknowledged to me that he executed said instrument for the purposes and considerations therein expressed, and as the act of said corporation and limited partnership.

Given under my hand and seal of office this 12th day of March, 1991.

Norma B. Grogan
Notary Public in and for the State of Texas

(Printed Name of Notary)

My Commission Expires:



TRADE-MARK

REF ID: A6758

STATE OF TEXAS)
)
COUNTY OF DALLAS)

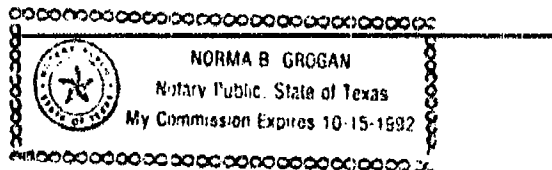
Before me, a Notary Public in and for the State of Texas, on this day personally appeared Donald P. Hellman, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be a Vice President of NCNB Texas National Bank, a national banking association, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said national banking association.

Given under my hand and seal of office this 12th day of March, 1991.

Norma B. Grogan
Notary Public in and for the State of Texas

(Printed Name of Notary)

My Commission Expires:



TRADE-MARK

REEL 0797 FRAME 759

Schedule I

Intellectual Property

All trademarks, all designs and logotypes related to such trademarks, in any and all forms, and all trademark registrations and applications for registration related to such trademarks of Licensor, including, without limitation the trademark registrations and applications for trademarks described below ("Trademarks") and the goodwill of the businesses connected with use of, or associated with, and symbolized by the Trademarks; copyrights, copyright registration and application for such registration of Licensor ("Copyrights"); patents, all inventions and subject matter related to such patents, and all applications for patents related to such patents of Licensor ("Patents"); and trade secrets of Licensor; (ii) any renewal, reissue, re-examination certificate, extension or the like with respect to the Trademarks, Patents, Copyrights and trade secrets; (iii) all rights to use the Trademarks as trade names or corporate names in all aspects of Licensor's business; and (iv) all proceeds and products of the foregoing together with any license in favor of or from Licensor of any of the foregoing in whatever form.

TRADE-MARK

REEL 0797 FRAME 760

Copyrights

<u>Nature of Interest of (e.g. owner, licensee)</u>	<u>Copyright</u>	<u>Issue Date</u>	<u>Country of Issue</u>
Owner	Partners Stunts & Pyramids	1976	USA
Owner	Cheerleader Tryout Secrets	1987	USA
Owner	Partner Stunts and Pyramids		USA
Owner	Catalogue of Cheerleader Supplies	1965	USA
Owner	Scholastic Paperback Book Reading Program Activity Sheets	1967	USA

Copyright Applications

Nature of
Interest
(e.g., owner,
licensee)

Copyright
Application

Date of
Application

Country
of Application

NONE

TRADE-MARK

REEL 0797 FRAME 761

Registered Trademarks

<u>Nature of Interest of (e.g. owner, licensee)</u>	<u>Registered Trademark</u>	<u>Registration No.</u>	<u>Int'l Class Covered</u>	<u>Goods or Services Covered</u>	<u>Date Registered</u>	<u>Country of Reg.</u>
Owner	Cheerleader	911,544	28	Pom Pons	04/27/71	USA
Owner	National Cheer- Leaders Associ- ation and Design	1,132,169	16,41,200	Cheerleader Instruction Association Membership	04/01/80	USA
Owner	Superstar Drill Team Camp	1,127,671	41	Operating Schools	12/11/79	USA
Owner	Superstar Spirit Camps	1,127,670	41	Educational Camps	12/11/79	USA
Owner	NCA Logo	1,806,333	26	Printed Matter	09/27/85	Japan
Owner	Cheerobics	1,341,584	41	Teaching Cheerleading	06/11/85	USA
Owner	NCA Logo	2,019,661	22	Shoes	01/26/88	Japan
Owner	Cheerobics	1,395,849	25	Shoes	06/03/86	USA
Owner	Cheerobics	332,202	44	Clothing	07/16/86	Taiwan
Owner	Cheerobics	133,407	45	Uniforms	11/10/86	Korea
Owner	Cheerobics	1,995,377	26	Video Tapes	10/27/87	Japan
Owner	Cheerobics	1,995,376	17	Clothing	10/27/87	Japan
Owner	Cheerobics	2,043,905	22	Shoes	04/26/88	Japan
Owner	Cheerobics	136,542	27	Shoes	01/09/87	Korea
Owner	Cheerobics	131,095	52	Video Tapes	09/23/86	Korea
Owner	Cheerobics	327,802	48	Shoes	06/01/86	Taiwan

TRADE-MARK

REEL 0797 FRAME 762

TRADE-MARK

Owner	Cheerobics	336,533	101	Video Tapes	08/16/86	Taiwan
Owner	Spirit Leader	1,606,338	14,18,25,42	Jewelry, Bags, Clothing, Mail Order Service	07/17/90	USA

Trademark Applications

Nature of Interest (e.g. owner, licensee)	Trademark Application relates to following Trademark	Serial No.	Int'l. Class Covered	Goods or Services Covered	Date of Appl.	Country of Appl.
Owner	NCA Logo	39701/84	17	Clothing	5/7/84	Japan
Owner	NCA Logo	60269/84	24	Sporting Goods	6/11/84	Japan

Patents

Nature of Interest (e.g. owner, licensee)	Registered Patent No.	Issue Date	Country of Issue
--	--------------------------	------------	---------------------

None as at March 12, 1991

Patent Applications

Nature of Interest (e.g. owner, licensee)	Serial No.	Filing Date	Country of Issue
--	---------------	-------------	---------------------

None as at March 12, 1991

Trade Secrets Owned

None as at March 12, 1991

TRADE-MARK

REEL 0797 FRAME 764

Exhibit A

REEL 0797 FRAME 765

TRADE-MARK

SECURITY AGREEMENT

dated as of March 13, 1991

Between

NATIONAL SPIRIT GROUP, LTD.
as Debtor

and

NCNB TEXAS NATIONAL BANK
as Secured Party

TRADEMARK

REEL: 003079 FRAME: 0661

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SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of March 13, 1991, made by National Spirit Group, Ltd., a Texas limited partnership, 9150 Markville Drive, Dallas, Texas 75243 ("Debtor"), in favor of NCNB Texas National Bank, a national banking association, NCNB Plaza, 901 Main Street, Dallas, Texas 75201 ("Secured Party").

RECITALS:

(1) Secured Party and Debtor have entered into a Loan Agreement dated as of March 13, 1991, (as the same may be supplemented, amended and modified from time to time, being the "Loan Agreement").

(2) It is the intention of the parties hereto that this Agreement create a first priority security interest securing the payment of the obligations set forth in Section 2 hereof.

(3) It is a condition precedent to the effectiveness of the Loan Agreement that Debtor shall have executed and delivered this Security Agreement.

AGREEMENT.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Secured Party to make the Advances under the Loan Agreement, Debtor hereby agrees with Secured Party as follows:

1. Assignment and Grant of Security. Debtor hereby assigns, pledges and grants to Secured Party a security interest in, the entire right, title and interest of Debtor, in and to the following, whether now owned or hereafter acquired ("Collateral"): TRADE-MARK

(a) all equipment in all of its forms, wherever located, now or hereafter existing, all parts thereof and all accessions thereto (any and all such equipment, parts and accessions being the "Equipment");

(b) all inventory in all of its forms, wherever located, now or hereafter existing, including, but not limited to, (i) all raw materials and work in process therefor, finished goods thereof, and materials used or consumed in the manufacture or production thereof, (ii) goods in which Debtor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which Debtor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by Debtor, and all accessions thereto and products thereof and documents therefor (any and all such inventory, accessions, products and documents being the "Inventory");

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(c) all accounts, contract rights, chattel paper, documents, instruments, deposit accounts, general intangibles, tax refunds and other obligations of any kind owing to Debtor, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, documents, instruments, deposit accounts, general intangibles or obligations (any and all such accounts, contract rights, chattel paper, documents, instruments, deposit accounts, general intangibles and obligations being the "Receivables");

(d) all know-how, manuals, guides and other information related to the maintenance, use, production or disposition of any property described in this Section 1;

(e) all other general intangibles, whether now existing or hereafter arising and wherever arising, including, but not limited to, all (i) partnership, corporate, and other interests in and to any Person, (ii) permits, licenses, contract rights, franchises, documents, certificates, records, customer lists, customer and supplier contracts, firm sales orders, bills of lading (negotiable and non-negotiable), warehouse receipts and other rights, privileges and goodwill obtained or used in connection with the Collateral, and (iii) tax refunds and other refunds or rights to receive payment from U. S. federal, state or local governments or foreign governments;

(f) all bank and deposit accounts listed on Schedule 1(f) hereto; and

(g) all proceeds and products of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in this Section 1) and, to the extent not otherwise included, all (i) 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 Collateral and (ii) cash.

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2. Security for Obligations. This Agreement creates a first priority security interest securing the payment and performance of any and all obligations now or hereafter existing of Debtor and any other Person (other than Secured Party) under the Loan Agreement and Loan Documents, including any extensions, modifications, substitutions, amendments and renewals thereof, whether for principal, interest, fees, premium, expenses, indemnification or otherwise (all such obligations of Debtor being the "Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Debtor and any other Person (other than Secured Party) to Secured Party under any Loan Document, but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Debtor or any other Person (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502 (b) and §506(b) or any analogous stay under any foreign law).

3. Debtor Remains Liable. Anything herein to the contrary notwithstanding, (a) Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set

forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Secured Party of any of the rights hereunder shall not release Debtor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Delivery of Security Collateral. All certificates or instruments representing or evidencing the Collateral shall be delivered to and held by or on behalf of Secured Party pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to Secured Party. Secured Party shall have the right, at any time in its discretion and without notice to Debtor, to transfer to or to register in the name of Secured Party or any of its nominees any or all of the Collateral. In addition, Secured Party shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denomination.

5. Representations and Warranties. Debtor represents and warrants, with respect to itself and the Collateral, as follows:

(a) All of the Equipment and Inventory pledged by Debtor hereunder is located at the places specified on Schedule 5(a) hereto (as supplemented from time to time by Debtor by written notice to Secured Party) or in transit to a place specified on Schedule 5(a) hereto (as supplemented from time to time by Debtor by written notice to Secured Party) or in transit for sale to a third-party purchaser that upon such sale will become the obligor under a Receivable. The chief place of business of Debtor and the office where Debtor keeps all of its records concerning the Receivables, are located at 9150 Markville Road, Dallas, Texas 75243. All promissory notes or other instruments evidencing the Receivables have been delivered and pledged to Secured Party duly endorsed and accompanied by such duly executed instruments of transfer or assignment as are necessary for such pledge, to be held as pledged collateral.

(b) Debtor is the legal and beneficial owner of the Collateral pledged by it free and clear of any Lien, security interest, option or other charge or encumbrance except for the security interest created by this Agreement and permitted pursuant to Section 4.1 of the Loan Agreement. No effective financing statement or other similar document used to perfect and preserve a security interest under the Laws of any jurisdiction (a "Financing Statement") covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party relating to this Agreement. As of the date hereof, Debtor has the trade names set forth on Schedule 5(b) (and no others). Debtor (including any corporate or partnership predecessor) has not existed or operated under any name other than "N. Spirit Group, Ltd." or "National Spirit Group, Ltd."

(c) Debtor has exclusive possession and control of the Equipment and Inventory pledged by it hereunder (other than Inventory (i) in transit from Debtor's production facility to a

warehouse listed on Schedule 5(a), and (ii) located in a warehouse listed on Schedule 5(a), all of which Inventory is subject to a negotiable bill or bills of lading issued by such warehouse).

(d) This Agreement and the pledge of the Collateral pursuant hereto creates a valid and perfected security interest in the Collateral (other than deposit accounts in financial institutions which are not Secured Party), securing the payment of the Obligations, and all filings and other actions necessary or desirable to perfect and protect such necessary or desirable to perfect and protect such security interest have been duly taken (or will be taken).

(e) No consent of any other Person (other than the consent of financial institutions other than Secured Party at which Debtor maintains a deposit account) and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge by Debtor of the Collateral pledged by it hereunder, for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Debtor, (ii) for the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment and security interest) or (iii) for the exercise by Secured Party of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(f) Debtor will possess all licenses and permits required for the operations of its business not later than June 11, 1991. All of such licenses and permits are described on Schedule 5(f).

(g) All Inventory produced in the United States of America has been produced in compliance with the Fair Labor Standards Act.

(h) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

6. Further Assurances. (a) Debtor agrees that, where any agreement existing as of the date hereof or hereafter to which Debtor is a party contains any restriction prohibiting Debtor from granting any security interest under this Agreement, Debtor will use its best efforts to obtain the necessary consent to or waiver of such restriction from any Person so as to enable Debtor to effectively grant to Secured Party such security interest under this Agreement.

(b) Debtor agrees that from time to time, at the expense of Debtor, Debtor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby, and the priority thereof, or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, upon written request by Secured Party, Debtor will: (i) mark conspicuously each chattel paper included in the Receivables, and, at the request of Secured Party, each of its records pertaining to the Collateral with the following legend:

THIS INSTRUMENT IS SUBJECT TO A SECURITY INTEREST AND LIEN PURSUANT TO A SECURITY AGREEMENT DATED AS OF MARCH 13, 1991 (AS THE SAME MAY BE MODIFIED OR RESTATED) MADE BY NATIONAL SPIRIT GROUP, LTD. IN FAVOR OF NCNB TEXAS NATIONAL BANK, AS SECURED PARTY.

or such other legend, in form and substance reasonably satisfactory to and as specified by Secured Party, indicating that such chattel paper or Collateral is subject to the pledge, assignment and security interest granted hereby; (ii) if any Collateral shall be evidenced by a promissory note or other instrument, deliver and pledge to Secured Party hereunder such note or instrument duly indorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Secured Party; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as Secured Party may reasonably request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby.

(c) Debtor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of Debtor where permitted by Law. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by Law.

(d) Debtor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

(e) Debtor shall not establish or maintain any deposit or similar bank account not listed on Schedule 1(f) unless Secured Party receives prior written notice thereof, Debtor executes and delivers to Secured Party assignments of such account in such form as Secured Party may request and the financial institution in which such account will be maintained delivers to Secured Party (if Secured Party so requests) acknowledgments of the assignment of such account in form and substance reasonably satisfactory to Secured Party.

(f) In addition to such other information as shall be specifically provided for herein, Debtor shall furnish to Secured Party such other information with respect to the Collateral as Secured Party may reasonably request from time to time in connection with the Collateral, or the protection, preservation, maintenance or enforcement of the security interest or the Collateral, including, without limitation, all documents and things in Debtor's possession, or subject to its demand for possession, related to the production and sale by Debtor, or any subsidiary, licensee or subcontractor thereof, of products or services sold by or under the authority of Debtor, including by way of example, without limiting the interest granted by this Agreement: (i) all lists and ancillary documents which identify and describe any of Debtor's customers, or those of its subsidiaries or licensees, for products sold or services rendered, including without limitation, such existing lists and ancillary documents which contain each customer's full name and address, the full name and address of all of its warehouses and branches, the identity of the Person or Persons

having the principal responsibility on each customer's behalf for ordering products or services of the kind supplied by Debtor, the credit, payment, discount, delivery and other sale terms applicable to such customer, together with detailed information setting forth the total purchases, by brand, product, style and size, and the patterns of such purchases; (ii) all product and service specification documents and production and quality of services sold; (iii) all documents which reveal the names and addresses of all sources of supply, and all terms of purchase and delivery, for all materials and components used in the production of products or provision of services sold; and (iv) all documents constituting or concerning the then current or proposed advertising and promotion by Debtor or its subsidiaries, licensees or subcontractors of products or services sold, including, by way of example and not in limitation, 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 or services. In connection with its enforcement of the security interest, Secured Party may use such information or transfer it to any assignee or sublicensee permitted hereunder for such assignee's or sublicensee's use. Prior to the occurrence of an Event of Default which is continuing, Secured Party shall maintain the confidentiality of the information delivered in this Section 5(f) using the same standard of care as Secured Party exercises with respect to the other financial information of Debtor; provided Secured Party shall have no duty to preserve the confidentiality of any such information with respect to any disclosure (i) to Secured Party's regulators, auditors or attorneys, (ii) made pursuant to the order of any governmental authority, (iii) consented to by Debtor or (iv) of any such information which was, prior to the date of such disclosure, disclosed by Debtor to any third party and such party is not subject to any confidentiality or similar disclosure restriction with respect to such information.

(g) Debtor shall deliver to Secured Party, not later than June 14, 1991, evidence of Debtor's receipt and unrestricted right to use each license and permit described in Section 5(f).

7. As to Equipment and Inventory

(a) Debtor shall keep the Equipment and Inventory pledged by it hereunder (other than Inventory sold in the ordinary course of business) at the places therefor specified in Section 5(a) or, upon thirty days' prior written notice to Secured Party, at such other places in such jurisdiction where all action required by Section 6 shall have been taken with respect to the Equipment and Inventory.

(b) Debtor shall cause the Equipment pledged by it hereunder to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end. Debtor shall promptly furnish to Secured Party a statement respecting any loss or damage which singly or in the aggregate equals or exceeds \$25,000 to any of the Equipment pledged by it hereunder.

(c) Debtor shall pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials

and supplies) against the Equipment and Inventory pledged by it hereunder, except such taxes as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles, except where the failure to file such returns, pay such taxes or establish such reserves (i) does not involve unpaid or allegedly unpaid amounts, in aggregate, in excess of \$25,000 or (ii) does not result in any lien which attaches to or possibly attaches to any "Collateral" as defined in the Intellectual Property Security Agreement and Assignment dated as of March 13, 1991, between Debtor and Secured Party ("Intellectual Property Agreement"). In producing the Inventory, Debtor shall comply with all requirements of the Fair Labor Standards Act.

8. Insurance. Debtor shall, at its own expense, maintain insurance with respect to the Equipment and Inventory pledged by it hereunder in accordance with the terms set forth in Section 3.4 of the Loan Agreement. Debtor further covenants and agrees to keep the Collateral which is Inventory, Equipment and other tangible personal property insured in such amounts, against such risks and with such insurers as Secured Party may require, provided that none of such insurance shall be in amounts less than the greater of (i) the replacement value and (ii) the original cost of the covered property (less any deduction standard in the industry for such type of property). All such policies of insurance shall be written for the benefit of Secured Party and Debtor, as their interests may appear, and shall provide for at least thirty Business Days' prior written notice of cancellation to Secured Party. At the request of Secured Party, Debtor shall promptly furnish to Secured Party evidence of such insurance in form and content satisfactory to Secured Party. If Debtor fails to perform or observe any applicable covenants as to insurance on any of such Collateral, Secured Party may at its own option obtain insurance on only Secured Party's interest in such Collateral, any premium thereby paid by Secured Party to become part of the Obligations, bear interest at the rate then applicable to Advances (regardless of whether any Advance is outstanding). In the event Secured Party maintains such substitute insurance, the additional premium for such insurance shall be due on demand and payable by Debtor to Secured Party in accordance with any notice delivered to Debtor by Secured Party. Debtor hereby grants Secured Party a security interest in any refunds of unearned premiums in connection with any cancellation, adjustment or termination of any policy of insurance required by Secured Party and in all proceeds of such insurance and hereby appoints Secured Party its attorney-in-fact to endorse any check or draft that may be payable to Debtor in order to collect such refunds or proceeds. Any such sums collected by Secured Party shall be credited, except to the extent applied to the purchase by Secured Party of similar insurance, to any amounts then owing on the Obligations in accordance with the Loan Agreement.

9. Place of Perfection; Records; Collection of Receivables. (a) Debtor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Receivables, and the originals of all chattel paper that evidence Receivables, at the location therefor specified in Section 5(a). Debtor will hold and preserve such records and chattel paper and will permit representatives of Secured Party to inspect and make abstracts from and copies of such records and chattel paper (i) if no Event of Default exists, upon reasonable prior notice to Debtor (which notice does need to be more than 48 hours in advance) at any time during normal business hours and (ii) upon the occurrence of an Event of Default which is continuing, at any time.

(b) Except as otherwise provided in this subsection (b), Debtor shall continue to collect, at its own expense, all amounts due or to become due Debtor under the Receivables. In connection with such collections, Debtor may take (and, at Secured Party's direction, shall take) such action as Debtor or Secured Party may deem necessary or advisable to enforce collection of the Receivables; provided, however, that Secured Party shall have the right (upon a Default or an Event of Default which is continuing) (without notice to Debtor) to notify the account debtors or obligors under any Receivable of the assignment of such Receivable to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to Debtor thereunder directly to Secured Party and, at the expense of Debtor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Debtor might have done. All amounts and proceeds (including instruments) received by Debtor in respect of the Receivables shall be received in trust for the benefit of Secured Party hereunder, and from and after the occurrence of an Event of Default, shall be segregated from other funds of Debtor and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary indorsement) to be held as cash collateral and either (A) released to Debtor, if Secured Party in its sole discretion so elects (any such election shall not constitute any obligation of Secured Party to release any property at any other time) or (B) applied as provided in Section 14(b). Debtor shall not adjust, settle or compromise the amount or payment of any Receivable, release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon, unless (A) such adjustment, settlement, compromise, release, credit or discount is in the ordinary course of business in accordance with the terms of Debtor's established credit procedures and (B) no Default or Event of Default shall have occurred and be continuing.

10. Transfer and Other Liens. (a) Debtor shall not (i) sell, assign (by operation of Law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral, except as permitted under Section 4.2 of the Loan Agreement (provided, Debtor may not sell, assign or otherwise dispose of any interest in any "Collateral", as that term is defined in the Intellectual Property Agreement, except as permitted in the Intellectual Property Agreement and License Agreement dated as of March 13, 1991, between Debtor and Secured Party ("License Agreement")), or (ii) create or permit to exist any Lien, security interest, option or other charge or encumbrance upon or with respect to any of the Collateral, except for the security interest under this Agreement and as permitted under Section 4.1 of the Loan Agreement.

11. Secured Party Appointed Attorney-in-Fact. Debtor hereby irrevocably appoints Secured Party attorney-in-fact, with full authority in the place and stead of Debtor and in the name of Debtor or otherwise, after an Event of Default which is continuing and thereafter from time to time in Secured Party's discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to obtain and adjust insurance required to be paid to Secured Party pursuant to Section 8.

(b) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral,

(c) to receive, indorse, and collect any drafts or other instruments, documents and chattel paper, in connection therewith, and

(d) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce compliance with the terms and conditions of any Collateral or the rights of Secured Party with respect to any of the Collateral. The appointment of Secured Party as attorney-in-fact is coupled with an interest and is irrevocable prior to final payment in full of the Obligations.

12. Secured Party May Perform. If Debtor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by Debtor under Section 15 (b).

13. Secured Party's Duties. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property. Except as provided in the Section 12 hereof, Secured Party shall not have any duty or liability to protect or preserve any Collateral or to preserve rights pertaining thereto. Nothing contained in this Agreement shall be construed as requiring or obligating Secured Party, and Secured Party shall not be required or obligated, to (i) present or file any claim or notice or take any action, with respect to any Collateral or in connection therewith or (ii) notify Debtor of any decline in the value of any Collateral.

14. Remedies. If any Event of Default shall have occurred and be continuing:

(a) Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of Texas at that time (the "UCC") (whether or not the Uniform Commercial Code applies to the affected Collateral), and also may (i) require Debtor to, and Debtor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Debtor agrees that, to the extent notice of sale

shall be required by Law, at least ten days' notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash proceeds received by Secured Party upon any sale of, collection of, or other realization upon, all or any part of the Collateral shall be applied as follows:

First: To the payment of all out-of-pocket costs and expenses incurred in connection with the sale of, collection of or other realization upon Collateral, including attorneys' fees and disbursements;

Second: To the payment of the Obligations as provided in the Loan Agreement (with Debtor remaining liable for any deficiency); and

Third: To the extent of the balance (if any) of such proceeds, to Debtor or other Person legally entitled thereto.

(c) All payments received by Debtor under or in connection with any Collateral shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Debtor and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary indorsement).

15. Indemnity and Expenses. (a) Debtor agrees to indemnify Secured Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), expressly including such claims, losses or liabilities arising out of mere negligence of Secured Party or Secured Party, except claims, losses or liabilities solely from Secured Party's gross negligence or willful misconduct.

(b) Debtor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which Secured Party may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Secured Party or secured parties hereunder or (iv) the failure by Debtor to perform or observe any of the provisions hereof.

16. Amendments; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by Debtor here from, shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

17. Continuing Security Interest. (a) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect (except as provided in Section 17(b)) until the later of (x) the final payment in full of the Obligations and all amounts payable under this Agreement and (y) the expiration or termination of the obligation of Secured Party to extend credit to Debtor, (ii) be binding upon Debtor, its successors and assigns, and (iii) inure to the benefit of, and be enforceable by, Secured Party, and its successors, transferees and assigns. Upon the later of the payment in full of the Obligations and all other amounts payable under this Agreement and the expiration or termination of the obligation of Secured Party to extend credit to Debtor, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to Debtor (except as provided in Section 17(b)). Upon any such termination, Secured Party will, at Debtor's expense, execute and deliver to Debtor such documents as such Debtor shall reasonably request to evidence such termination.

(b) Debtor agrees that, if at any time all or any part of any payment theretofore applied by Secured Party to any of the Obligations is or must be rescinded or returned by any Person for any reason whatsoever (including the insolvency, bankruptcy or reorganization of Debtor or any other Person), such Obligations shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by Secured Party, and the security interest granted hereunder shall continue to be effective or be reinstated, as the case may be, as to such Obligations, all as though such application by Secured Party had not been made.

18. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF TEXAS. UNLESS OTHERWISE DEFINED HEREIN OR IN THE LOAN AGREEMENT OR NOTE AGREEMENT, TERMS USED IN ARTICLE 9 OF THE UCC ARE USED HEREIN AS THEREIN DEFINED.

19. WAIVER OF JURY TRIAL. SECURED PARTY AND DEBTOR HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDINGS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

20. Secured Party's Right to Use Agents. Secured Party may exercise its rights under this Agreement through an agent or other designee.

21. No Interference, Compensation or Expense. Secured Party may exercise its rights under this Agreement (a) without resistance or interference by Debtor and (b) without payment of any rent, license fee or compensation of any kind to Debtor.

22. Waivers of Rights Inhibiting Enforcement. Debtor waives (a) except as otherwise provided in this Agreement, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH SECURED PARTY'S DISPOSITION OF ANY OF THE COLLATERAL INCLUDING ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT DEBTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, AND ALL OTHER REQUIREMENTS AS TO THE TIME, PLACE AND TERMS OF SALE OR OTHER REQUIREMENTS WITH RESPECT TO THE ENFORCEMENT OF SECURED PARTY'S RIGHTS HEREUNDER and (b) all rights of redemption, appraisal or valuation.

23. Notices and Deliveries.

(a) Manner of Delivery. All notices, communications and materials to be given or delivered pursuant to this Agreement shall, except in those cases where giving notice by telephone is expressly permitted, be given or delivered in writing. All written notices, communications and materials shall be sent by registered or certified mail, postage prepaid, return receipt requested, by telecopier, or delivered by hand. In the event of a discrepancy between any telephonic notice and any written confirmation thereof, such written confirmation shall be deemed the effective notice except to the extent Secured Party or Debtor has acted in reliance on such telephonic notice.

(b) Addresses. All notices, communications and materials to be given or delivered pursuant to this Agreement shall be given or delivered at the following respective addresses and telecopier and telephone numbers and to the attention of the following individuals or departments:

(i) if to Debtor, to it at:

National Spirit Group, Ltd.
9150 Markville Drive
Dallas, Texas 75243
Telecopier No.: (214) 690-0825
Telephone No.: (214) 231-6364

Attention: Mr. Jim Varnon

With a copy to:

R. Best Associates, Inc.
515 Post Oak Boulevard
Suite 550
Houston, Texas 77027

Attention: Mr. Joe M. Bailey

- (ii) if to Secured Party, to it at:

NCNB Plaza
901 Main Street
7th Floor
Dallas, Texas 75202

Telecopier No.: (214) 508-0368
Telephone No.: (214) 508-0324

Attention: Commercial Banking Group

or at such other address or, telecopier or telephone number or to the attention of such other individual or department as the party to which such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address".

(c) Effectiveness. Each notice, communication and any material to be given or delivered to Secured Party or Debtor pursuant to this Agreement shall be effective or deemed delivered or furnished (i) if sent by mail, on the seventh Business Day after such notice, communication or material is deposited in the mail, addressed as above provided, (ii) if sent by telecopier, when such notice, communication or material is transmitted to the appropriate number determined as above provided in this Section 23 and the appropriate receipt is received or otherwise acknowledged, (iii) if sent by hand delivery or overnight courier, when left at the address of the addressee addressed as above provided, and (iv) if given by telephone, when communicated to the individual or any member of the department specified as the individual or department to whose attention notices, communications and materials are to be given or delivered except that notices of a change of address, telecopier or telephone number or individual or department to whose attention notices, communications and materials are to be given or delivered shall not be effective until received.

24. Successors and Assigns. All of the provisions of this Agreement shall be binding and inure to the benefit of the parties thereto and their respective successors and assigns.

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

26. Definitions. Capitalized terms not otherwise defined herein have the meaning specified in the Loan Agreement, and, to the extent of any conflict, terms as defined in the Loan Agreement shall control (provided, that a more expansive or explanatory definition shall not be deemed a conflict).

27. Obligations Not Affected. To the fullest extent permitted by applicable Law, the obligations of Debtor under this Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by:

(a) any amendment or modification or addition or supplement to any Loan Document, any instrument delivered in connection therewith or any assignment or transfer thereof;

(b) any exercise, non-exercise, or waiver by Secured Party of any right, remedy, power or privilege under or in respect of, or any release of any guaranty, any collateral or the Collateral or any part thereof provided pursuant to, this Agreement, any Loan Document;

(c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Agreement, any Loan Document or any assignment or transfer of any thereof; or

(d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Debtor or any other Person, whether or not Debtor shall have notice or knowledge of any of the foregoing.

28. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

29. ENTIRE AGREEMENT. THIS WRITTEN AGREEMENT TOGETHER WITH THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

IN WITNESS WHEREOF, Debtor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

DEBTOR:

NATIONAL SPIRIT GROUP, LTD.

By National Cheer Corp.
a Texas corporation, and
its sole General Partner

By _____
Joe M. Bailey, Vice President

SECURED PARTY:

NCNB TEXAS NATIONAL BANK

By _____
Donald P. Hellman, Vice President

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Schedule 5(a)

EQUIPMENT AND INVENTORY LOCATION

Corporate Offices
9150 Markville
Dallas, Texas 75243
Dallas County, Texas

Ruse' Rouge Plant
1001 Cedarview Drive
Cedar Hill, Texas 75104
Dallas County, Texas

Hillguard Plant
11330 Hillguard Road
Dallas, Texas 75243
Dallas County, Texas

West Plant
125 South Main Street
West, Texas 76691
McLennon County, Texas

Athens Plant
1411 Flat Creek Road
Athens, Texas 75751
Henderson County, Texas

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Schedule 5(b)

TRADE NAMES

None other than those listed as registered trademarks in
Intellectual Property Questionnaire, Schedule 5.01 section
number 5.

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Schedule 1(f)

BANK ACCOUNTS

Financial Institution

Account Number

NCNB Texas National Bank
for all accounts

0187161912
0187161920
0187161938
0187161870

125484-491-2
125484-492-0
125484-493-9
125484-494-7
125484-496-3
125484-499-8
125484-487-4
125484-490-4

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Schedule 5(f)

LICENSES AND PERMITS

None as of March 13, 1991

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ENR 0797 ENR 786

Exhibit B

INTELLECTUAL PROPERTY SECURITY AGREEMENT AND ASSIGNMENT

dated as of March 13, 1991

Between

NATIONAL SPIRIT GROUP, LTD
as Debtor

and

NCNB TEXAS NATIONAL BANK
as Secured Party

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INTELLECTUAL PROPERTY SECURITY AGREEMENT AND ASSIGNMENT

INTELLECTUAL PROPERTY SECURITY AGREEMENT AND ASSIGNMENT, dated as of March 13, 1991, between National Spirit Group, Ltd., a Texas limited partnership ("Debtor"), and NCNB Texas National Bank, a national banking association ("Secured Party").

RECITALS

(1) Secured Party and Debtor have entered into a Loan Agreement dated as of March 13, 1991 (as the same may be supplemented, amended and modified from time to time, being the "Loan Agreement").

(2) It is the intention of the parties hereto that this Agreement create a first priority security interest securing the payment of the obligations set forth in Section 1.02 hereof.

(3) It is a condition precedent to the effectiveness of the Loan Agreement that Debtor shall have executed and delivered this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Secured Party to make the Advances under the Loan Agreement, Debtor hereby agrees with Secured Party as follows:

I. ASSIGNMENT AND GRANT OF SECURITY INTEREST

1.01. Assignment and Grant of Security Interest. Debtor hereby assigns, pledges and grants to Secured Party a security interest in, the entire right, title and interest of Debtor, in and to the Collateral.

1.02. Security for Obligations. This Agreement creates a first priority security interest securing the payment and performance of any and all obligations now or hereafter existing of Debtor and any other Person (other than Secured Party) under the Loan Agreement and Loan Documents, including any extensions, modifications, substitutions, amendments and renewals thereof, whether for principal, interest, fees, expenses, indemnification or otherwise (all such obligations of Debtor and such other Persons being the "Obligations"). Without limiting the generality of the foregoing, to the extent not prohibited by law this Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Debtor and any other Person (other than Secured Party) to Secured Party under any Loan Document, but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving Debtor or any other Person (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b)

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and 506(b) of the United States Bankruptcy Code, 11 U.S.C. § 502(b) and § 506(b) or any analogous stay under any foreign law).

1.03. Validity and Priority of Security Interest. Debtor agrees that the Security Interest shall at all times be valid, perfected, continuing and binding and enforceable against Debtor, in accordance with the terms hereof, as security for the Obligations, and that the Collateral shall not at any time be subject to any Lien, other than Liens described in Section 4.1 of the Loan Agreement.

1.04. Maintenance of Status of Security Interest, Collateral and Rights.

(a) **Required Action.** Debtor shall take all action that may be necessary or that Secured Party may reasonably request, so as at all times (i) to maintain the validity, perfection, enforceability and priority of the Security Interest in the Collateral in conformity with the requirements of Section 1.03 (excluding only Excluded Property), and (ii) to protect and preserve, and to enable the exercise or enforcement of, the rights of Secured Party hereunder (excluding only Excluded Property), including (A) immediately discharging all Liens, other than Liens described in Section 4 of the Loan Agreement, (B) executing and delivering the notice in the form of Schedule 1.04(a)(ii)(B)-B, (C) executing and delivering the notice in the form of Schedule 1.04(a)(ii)(B)-C, (D) executing and delivering the notice in the form of Schedule 1.04(a)(ii)(B)-D and (E) executing and delivering financing or continuation statements, instruments of pledge, notices and instructions in each case in form and substance reasonably satisfactory to Secured Party.

(b) **Protection of Collateral.** Debtor shall protect, preserve, renew and maintain, in each case in a manner consistent with reasonably responsible business and legal practices, all rights of Debtor in the Collateral (excluding only Excluded Property), including the duty to prosecute and/or defend against any and all suits concerning infringement or dilution of the Collateral, any suits against Debtor asserting the invalidity of the Collateral and any suits claiming injury to the goodwill associated with any of the Collateral, unless Debtor determines in good faith that prosecution or defense of such suit is not in its business interests and Secured Party, in its reasonable judgment, agrees with such determination. Any expenses incurred in protecting, preserving, renewing and maintaining the Collateral shall be borne by Debtor. To the maximum extent permitted by Law, after a Default or Event of Default shall have occurred and be continuing, Secured Party shall have the right, without taking title to any Collateral, to bring suit to enforce any or all Collateral or its Security Interest in any or all of the Collateral, in which event Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement. All reasonable costs, expenses and other moneys advanced by Secured Party in connection with the foregoing shall, whether or not there are then outstanding any Advances under the Loan Agreement, be treated as Obligations, but the making of any such advances by Secured Party shall not relieve Debtor of any default hereunder.

(c) **Authorized Action.** Secured Party is hereby authorized to file one or more financing or continuation statements or amendments thereto and instruments of pledge, notices and instructions without the signature of or in the name of Debtor. A carbon, photographic or other

reproduction of this Agreement or of any financing statement filed in connection with this Agreement shall be sufficient as a financing statement.

(d) State Registrations. Debtor shall renew or maintain, as specified in any applicable Law and shall make any filings necessary to renew or maintain each registration described in Section 2.06.

1.05. Debtor Remains Obligated; Secured Party Not Obligated. The grant by Debtor to Secured Party of the Security Interest shall not relieve Debtor from the performance of any term, covenant, condition or agreement on its part to be performed or observed (including by virtue of the exercise by Secured Party of any of its rights hereunder), or from any liability to any Person, under or in respect of any of the Collateral or impose any obligation on Secured Party or any Secured Party or impose any liability on Secured Party for any act or omission on the part of Debtor relative thereto.

1.06. Termination.

(a) In the event that (i) the License Agreement shall have been terminated pursuant to a written termination by Secured Party delivered to Debtor, and (ii) the Obligations shall have been finally paid in full, and all commitments by Secured Party to extend credit shall have been terminated and Secured Party shall have delivered to Debtor a written termination agreement (which Secured Party agrees to promptly execute and deliver upon satisfaction of the conditions set forth in clause (ii) hereof), then this Agreement shall also terminate and be of no further force and effect (except as provided in Section 1.06(b)).

(b) Debtor agrees that, if at any time all or any part of any payment theretofore applied by Secured Party to any of the Obligations is or must be rescinded or returned by any Person for any reason whatsoever (including the insolvency, bankruptcy or reorganization of Debtor or any other Person), such Obligations shall, for the purposes of this Agreement, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by Secured Party, and the Security Interest granted hereunder shall continue to be effective or be reinstated, as the case may be, as to such Obligations, all as though such application by Secured Party had not been made.

1.07. Security Interest Absolute. All rights of Secured Party and the Security Interest granted to Secured Party hereunder, and all obligations of Debtor hereunder, shall, to the extent permitted by Laws, be absolute and unconditional, irrespective of

(a) any lack of validity or enforceability of any Loan Document;

(b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations or any other amendment to or waiver of or any consent to departure from any Loan Document;

(c) any exchange, release or non-perfection of any collateral (including the Collateral or any part thereof), or any release of or amendment to or waiver of or consent to departure from any guaranty, for all or any of the Obligations; or

(d) any other circumstances which might otherwise constitute a defense available to, or a discharge of, Debtor, a guarantor, third party grantor of a Lien or any other Person which is, or the property of which is, liable for any of the Obligations.

II. REPRESENTATIONS AND WARRANTIES

Debtor represents and warrants as follows:

2.01. Organization: Power. Debtor is a limited partnership duly organized, validly existing and in good standing under the laws of Texas and has the limited partnership power and authority to own its property and to carry on its business as now being and hereafter proposed to be conducted.

2.02. Authorization: Enforceability: Required Consents: Absence of Conflicts. Debtor has the power, and has taken all necessary action (including any necessary partnership action) to authorize it, to execute, deliver and perform in accordance with its terms this Agreement and to execute and deliver all financing statements and other filings contemplated hereby. This Agreement has been duly executed and delivered by Debtor and is the legal, valid and binding obligation of Debtor, enforceable in accordance with its terms. The execution, delivery and performance in accordance with its terms by Debtor of this Agreement does not and (absent any change in any Law) will not (a) require any Governmental Approval or any other consent or approval, including any consent or approval of any partner of Debtor, other than those Governmental Approvals, consents or approvals listed on Schedule 2.02 hereto which have been duly obtained and remain in full force and effect, or (b) violate or conflict with, result in a breach of, constitute a default under, or result in or require the creation of any Lien (other than the Security Interest) upon any assets of Debtor (other than a Lien on the Collateral or any portion thereof) under any such contract or agreement or applicable Laws.

2.03. Accuracy of Questionnaire. The Questionnaire is, as of the date hereof, complete and correct in all material respects.

2.04. Rights of Debtor. Debtor is the legal and beneficial owner of the Collateral free and clear of any Lien or other charge or encumbrance, including, without limitation, pledges, assignments, licenses, shop rights and covenants by Debtor not to sue any Person, except for the

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security interests and assignment created by this Agreement. No effective financing statement or other instrument similar in effect naming Debtor as "debtor" covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party relating to this Agreement.

2.05. Perfection. This Agreement will create in favor of Secured Party valid and perfected security interests in the Collateral upon making the filing of Schedules 1.04(a)(ii)(B)-B-C and-D and such security interests will be a first priority security interest.

2.06. State Registrations. Schedule 2.06 lists each and all registrations and applications of Debtor with the applicable authority of each indicative state with respect to any Trademarks, Goodwill, Patents, Copyrights and Trade Secrets.

2.07. Other Property. On the date hereof, Debtor has no interest in any Patents which are registered or subject to any application for registration and Debtor does not believe, after appropriate review of all relevant facts and circumstances, that any registration or filing with respect to any interest Debtor may have in any property which may constitute Patents is necessary to the operation of Debtor's existing and anticipated business.

III. COVENANTS

3.01. Certain Matters Relating to Preservation of Status of Security Interest.

(a) Chief Executive Office. Debtor shall not change its chief executive office and the office where the books and records relating to the Collateral are kept from National Spirit Group, Ltd., 9150 Markville Road, Dallas, Texas 75243 without (i) giving Secured Party thirty days' prior written notice thereof and (ii) performing all acts required by Secured Party to preserve the Liens herein granted and the priority and perfection thereof.

(b) Change of Name, Identity, etc. Debtor shall not change its name, identity or limited partnership structure without (i) giving Secured Party thirty days' prior written notice thereof and (ii) performing all acts required by Secured Party to preserve the Liens herein granted and the priority and perfection thereof.

3.02. Preservation of Existence and Preservation of Enforceability. Debtor shall, so long as any of the obligations remain outstanding, (a) preserve and maintain its limited partnership existence and (b) take all action and obtain all consents and Government Approvals required so that its obligations under this Agreement will at all times be legal, valid and binding and enforceable in accordance with its terms.

3.03. Requested Information. In addition to such other Information as shall be specifically provided for herein, Debtor shall furnish to Secured Party such other Information with respect to the Collateral as Secured Party may reasonably request from time to time in connection with the Collateral, or the protection, preservation, maintenance or enforcement of the Security Interest or the Collateral, including, without limitation, all documents and things in Debtor's possession, or

subject to its demand for possession, related to the production and sale by Debtor, or any subsidiary, licensee or subcontractor thereof, of products or services sold by or under the authority of Debtor in connection with the Collateral, including by way of example, without limiting the interest granted by this Agreement: (i) all lists and ancillary documents which identify and describe any of Debtor's customers, or licensees, for products sold or services rendered under or in connection with the Collateral, including without limitation, such existing lists and ancillary documents which contain each customer's full name and address, the full name and address of all of its warehouses and branches, the identity of the Person or Persons having the principal responsibility on each customer's behalf for ordering products or services of the kind supplied by Debtor, the credit, payment, discount, delivery and other sale terms applicable to such customer, together with detailed information setting forth the total purchases, by brand, product, style and size, and the patterns of such purchases; (ii) all product and service specification documents and production and quality of services sold under or in connection with the Collateral; (iii) all documents which reveal the names and addresses of all sources of supply, and all terms of purchase and delivery, for all materials and components used in the production of products or provision of services, sold under or in connection with the Collateral; and (iv) all documents constituting or concerning the then current or proposed advertising and promotion by Debtor, licensees or subcontractors of products or services sold under or in connection with the Collateral, including, by way of example and not in limitation, 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 or services. In connection with its enforcement of the Security Interest, Secured Party may use such Information or transfer it to any assignee or sublicensee permitted hereunder for such assignee's or sublicensee's use. Prior to the occurrence of an Event of Default which is continuing, Secured Party shall maintain the confidentiality of the information delivered in this Section 3.03 using the same standard of care as Secured Party exercises with respect to the other financial information of Debtor; provided Secured Party shall have no duty to preserve the confidentiality of any such information with respect to any disclosure (i) to Secured Party's regulators, auditors or attorneys, (ii) made pursuant to the order of any governmental authority, (iii) consented to by Debtor or (iv) of any such information which was, prior to the date of such disclosure, disclosed by Debtor to any third party and such party is not subject to any confidentiality or similar disclosure restriction with respect to such information.

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3.04. No Disposition of Collateral. Debtor shall not sell, transfer or otherwise dispose of any of the Collateral or any interest therein, or grant any license thereunder (other than under or as permitted by the License Agreement).

3.05. Additional Property. Prior to the application for, use or acquisition or any interest in any property which is within the definition of "Collateral" or modification, reformulation or other alteration to any such interest, Debtor shall execute and deliver to Secured Party all documents and instruments Secured Party may require to grant to Secured Party a perfected first priority Lien therein and to subject to all of such interest to this Agreement, including but not limited to any new, supplementary or additional filings in the form of Schedule 1.04(a)(ii)(B)-B, -C, or -D. Debtor shall execute and deliver to Secured Party such amendments, modifications and supplements to the License Agreement and additional license agreements as Secured Party may require.

IV. EVENT OF DEFAULT

Upon the occurrence and during the continuance of an Event of Default:

4.01. Application of Proceeds. All cash proceeds received by Secured Party upon any sale of, collection of, or other realization upon, all or any part of the Collateral shall be applied as follows:

First: To the payment of all out-of-pocket costs and expenses incurred in connection with the sale of, collection of or other realization upon Collateral, including attorneys' fees and disbursements;

Second: To the payment of the Obligations as provided in the Loan Agreement (with Debtor remaining liable for any deficiency); and

Third: To the extent of the balance (if any) of such proceeds, to the payment to Debtor or other Person entitled thereto.

4.02. Remedies

(a) Power of Sale. Secured Party (i) may sell the Collateral at public or private sale, at any of its offices or elsewhere, for cash (including for this purpose, should Secured Party be the successful purchaser at any such sale, the cancellation of any of the Obligations) or on credit or for future delivery, and at such price or prices and upon such other terms as it may deem commercially reasonable, (ii) shall not be obligated to make any sale of Collateral regardless of notice of sale having been given, and (iii) may adjourn any public or private sale from time to time, by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned; provided, however, that, if any item of the Collateral constituting a Trademark is assigned or sold, rather than licensed, it shall be assigned or sold only as an entirety. Secured Party may be the purchaser at any sale of the Collateral and may pay all or any part of the purchase price thereof by cancelling part or all of the Obligations. To the fullest extent permitted by applicable Law, Debtor hereby waives the right to object to the manner of sufficiency of advertising, refurbishing of the Collateral, or solicitation of bids in connection with any sales or other disposition of the Collateral. Debtor hereby expressly waives and releases, to the fullest extent permitted by applicable Law, any right of redemption on the part of Debtor. If any notification of intended disposition of any of the Collateral is required by law, such notification, if mailed, shall be deemed reasonably and properly given if mailed at least five days before such disposition, postage prepaid, addressed to Debtor either at the address shown below, or at any other address of Debtor appearing on the records of Secured Party.

(b) Receiver. Secured Party may obtain the appointment of a receiver of the Collateral.

(c) Enforcement by Secured Party. Secured Party may, without notice to Debtor and at such time or times as Secured Party in its sole discretion may determine, exercise any or all of Debtor's rights in, to and under, or in any way connected with or related to, any or all of the

Collateral, including (i) enforcing the performance of, and exercising any or all of Debtor's rights with respect to the Collateral, in each case by legal proceedings or otherwise and (ii) settling, adjusting, compromising, extending, renewing, discharging and releasing any or all of, and any legal proceedings brought with respect to any of all or, Debtor's rights with respect to the Collateral.

(d) Sale Restrictions. Debtor agrees that, in any sale of any of the Collateral, Secured Party is authorized to comply with any limitation or restriction in connection with such sale as counsel may advise Secured Party is necessary in order to avoid any violation of applicable Law (including compliance with such procedures as may restrict the number of prospective bidders or purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchase by any governmental or regulatory authority or official, and Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Secured Party be liable or accountable to Debtor for any discount allowed by reason of the fact that such Collateral was sold in compliance with any such limitation or restriction.

4.03. Indemnity and Expenses.

(a) Debtor agrees to indemnify (which shall be payable from time to time on demand) Secured Party from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including enforcement of this Agreement), expressly including such claims, losses, or liabilities arising out of mere negligence of Secured Party, except claims, losses or liabilities resulting solely from Secured Party's gross negligence or willful misconduct.

(b) Debtor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, which Secured Party may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Secured Party hereunder, or (iv) the failure by Debtor to perform or observe any of the provisions hereof.

V. INTERPRETATION

5.01. Definitional Provision.

(a) Certain Terms Defined by Reference. The terms "collateral", "inventory", "rights", and "security interest" shall have the meanings ascribed thereto in the UCC, or, when capitalized, the meanings specified in subsection (b) below.

(b) Other defined Terms. For purposes of this Agreement:

"Agreement" means this Agreement, including all schedules, annexes and exhibits hereto.

"Bankruptcy Code" means 11 U.S.C. §§ 101-1330 (1991), as amended, or any successor statute.

"Collateral" means Debtor's rights, title and interests, (whatever they may be) in each of the following, in each case whether now or hereafter existing or now owned or hereafter acquired by debtor and whether or not the same is subject to Article 9 of the UCC, and wherever the same may be located:

- (i) the Trademarks and Goodwill;
- (ii) the Copyrights;
- (iii) the Patents;
- (iv) the Trade Secrets;
- (v) any renewal, reissue, re-examination certificate, extension or the like with respect to the Trademarks, Patents, Copyrights and Trade Secrets;
- (vi) all rights to use the Trademarks as trade names or assumed names in all aspects of its business;
- (vii) all proceeds and products of the foregoing together with any license in favor of or from Debtor of any of the foregoing in whatever form. The inclusion of "proceeds" of Collateral in the definition of "Collateral" shall not be deemed a consent by Secured Party to any sale or other disposition of any Collateral not otherwise specifically permitted by the terms hereof.

"Copyright" means any copyright, copyright registration and applications for such registration, including but not limited to the copyrights listed on Annex C-1 attached hereto, all subject matter related to such copyrights, in any and all forms, and all copyrights and applications for copyrights related to such copyrights, including those copyrights and applications listed in Annex C-2 attached hereto.

"Event of Default" means (i) those events described as a "Default" or an "Event of Default" 87 in the Loan Agreement, or (ii) the Rejection of the License Agreement.

"Excluded Property" means any property which is within the definition of Copyrights, Trademarks or Patents and either (A)(i) has not been and is not subject to any existing registration or filing or application for any registration or filing with any applicable Governmental Authority and (ii) Debtor does not believe, after appropriate review of all relevant facts and circumstances, that any registration or filing with respect to such property is necessary to the operation of Debtor's existing and anticipated business as of any date of determination or (B) is property which

Debtor determines, after appropriate review of all relevant facts and circumstances, is not necessary to the operation of Debtor's existing and anticipated business as of the date of such determination and Secured Party, in its reasonable judgment, agrees with such determination.

"Goodwill" means the goodwill of the businesses connected with the use of (or associated with) and symbolized by the Trademarks, but not any other goodwill.

"Governmental Approval" means any authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any Tribunal.

"Information" means data, certificates, reports, statements (including financial statements), documents and other information in form (including electronic media) acceptable to Secured Party.

"License Agreement" means the License Agreement dated as of March 13, 1991 between Debtor and Secured Party.

"Lien" means, with respect to any property or asset (or any income or profits therefrom) of any Person (in each case whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise) (i) any mortgage, lien, pledge, attachment, levy, priority or other security interest or encumbrance of any kind thereupon or in respect thereof and (ii) any arrangement, express or implied, under which the same is subordinated, transferred, sequestered or otherwise identified so as to subject the same, or make the same available for, the payment or performance of any obligation in priority to the payment of the ordinary, unsecured creditors of such Person.

"Loan Agreement" is defined in the recitals.

"Loan Document" means the Loan Agreement and each agreement, certificate and other documents delivered to any Person pursuant to the Loan Agreement.

"Obligations" is defined in Section 1.02.

"Patent" means all patents, all inventions and subject matter related to such patents, in any and all forms, and all patents and applications for patents related to such patents, including but not limited to the patents listed on Annex A-1 attached hereto, all inventions and all subject matter related to such patents, in any and all forms, and all patents and applications for patents related to such patents, including those patents and applications listed on Annex A-2 attached hereto.

"Person" means an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

"Questionnaire" means the Questionnaire in the form attached hereto as Schedule 5.01 executed and delivered by Debtor to Secured Party in connection with this Agreement.

"Rejection" means, with respect to the License Agreement in respect of any item of Collateral (other than Excluded Property), the entry of an order in any proceeding authorizing the rejection by Debtor (or a trustee for Debtor or Debtor as debtor-in-possession) of the License Agreement or any analogous event in any proceeding under the laws of any jurisdiction; provided, however, that nothing contained in this Agreement shall be deemed to be an acknowledgment or an agreement by any party hereto that the License Agreement may be rejected under any law including the Bankruptcy Code or subject to any analogous event under any similar law of any jurisdiction other than the United States.

"Security Interest" means the continuing security interest of Secured Party and assignment to Secured Party in the Collateral intended to be effected by the terms of this Agreement or any financing and continuation statements or other filings contemplated hereby.

"Trade Secrets" means those general intangibles (sometimes known as "trade secrets") listed on Annex D hereto.

"Trademarks" means all trademarks, all designs and logos related to such trademarks, in any and all forms, and all trademark registrations and applications for registration related to such trademarks, including but not limited to the trademarks listed on Annex B-1 attached hereto, and all trademark registrations and applications for registration related to such trademarks, including those registrations and applications listed on Annex B-2 attached hereto.

"UCC" means Chapter 9 of the Texas Business and Commerce Code as in effect from time to time in the State of Texas.

(c) **Other Definitional Provisions.** (i) Except as otherwise specified herein, all references herein (A) to any Person shall be deemed to include such Person's successors and assigns, (B) to any applicable Law referred to herein shall be deemed references to such applicable Law as the same may have been or may be amended or supplemented from time to time and (C) to this Agreement or other agreement defined or referred to herein shall be deemed a reference to this Agreement or other agreement as the terms thereof may have been or may be amended, supplemented, waived or otherwise modified from time to time.

(ii) Whenever the context so requires, the neuter gender includes the masculine or feminine, the masculine gender includes the feminine, and the singular number includes the plural, and vice versa.

(iii) Except as otherwise indicated, any reference herein to the "Collateral", the "Obligations" or any other collective or plural term shall be deemed to be a reference to each and every item included within the category described by such collective or plural term, so that a reference to the "Collateral" or the "Obligations" shall be deemed a reference to any or all of the Collateral or the Obligations, as the case may be.

(iv) Capitalized terms not otherwise defined herein have the meaning specified in the Loan Agreement, and, to the extent of any conflict, terms as defined in the Loan Agreement shall control (provided, that a more expansive or explanatory definition shall not be deemed a conflict).

5.02. Power of Attorney. Each power of attorney, license and other authorization in favor of Secured Party or any other Person granted by or pursuant to this Agreement shall be deemed to be irrevocable and coupled with an interest.

VI. MISCELLANEOUS

6.01. Expenses of Debtor's Agreements and Duties. Secured Party shall not be liable for the costs and expenses of Debtor arising out of Debtor's performance or observance of the terms, conditions, covenants and agreements to be observed or performed by Debtor under this Agreement.

6.02. Secured Party's Right to Perform on Debtor's Behalf. If Debtor shall fail to observe or perform any of the terms, conditions, covenants and agreements to be observed or performed by it under this Agreement, Secured Party may (but shall not be obligated to) do the same or cause it to be done or performed or observed, either in its name or in the name and on behalf of Debtor, and in the event that Debtor shall have failed to observe or perform any of the terms, conditions, covenants and agreements to be observed or performed by it under this Agreement, then Debtor hereby authorizes Secured Party to do so, and Debtor hereby appoints the Secured Party, and any other Person Secured Party may designate, as Debtor's attorney-in-fact to do, or cause to be done, in the name, place and stead of Debtor in any way in which Debtor itself could do, or cause to be done, any or all things necessary to observe or perform the terms, conditions, covenants and agreements to be observed or performed by Debtor under this Agreement. In addition, Debtor hereby irrevocably appoints Secured Party as Debtor's attorney-in-fact to execute and deliver in Debtor's name and stead to any purchaser at any sale held under Section 4.02 hereof any and all documents and instruments of assignment, transfer and conveyance necessary or appropriate to transfer to such purchaser the Collateral sold at such sale.

6.03. Secured Party's Right to Use Agents. Secured Party may exercise its rights under this Agreement through an agent or other designee.

6.04. No Interference, Compensation or Expense. To the extent not prohibited by applicable Law, Secured Party may exercise its rights under this Agreement (a) without resistance or interference by Debtor and (b) without payment of any rent, license fee or compensation of any kind to Debtor.

6.05. Limitation of Secured Party's Obligations With Respect to Collateral. (a) Except as provided in the License Agreement (including quality control matters), Secured Party shall not have any duty or liability to protect or preserve any Collateral or to preserve rights pertaining thereto.

(b) Nothing contained in this Agreement shall be construed as requiring or obligating Secured Party, and Secured Party shall not be required or obligated, to (i) present or file any claim or notice or take any action, with respect to any Collateral or in connection therewith or (ii) notify Debtor of any decline in the value of any Collateral.

6.06. Rights of Secured Party under UCC and Applicable Law. Secured Party shall have, with respect to the Collateral, in addition to all of their rights under this Agreement, (a) the rights of a secured party under the UCC, whether or not the UCC would otherwise apply to the collateral in question, and (b) the rights of a secured party under all other applicable Laws.

6.07. Waivers of Rights Inhibiting Enforcement. Debtor waives (a) except as otherwise provided in this Agreement, **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH SECURED PARTY'S DISPOSITION OF ANY OF THE COLLATERAL INCLUDING ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT DEBTOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, AND ALL OTHER REQUIREMENTS AS TO THE TIME, PLACE AND TERMS OF SALE OR OTHER REQUIREMENTS WITH RESPECT TO THE ENFORCEMENT OF SECURED PARTY'S RIGHTS HEREUNDER** and (b) all rights of redemption, appraisalment or valuation.

6.08. Notices and Deliveries.

(a) Manner of Delivery. All notices, communications and materials (including all Information) to be given or delivered pursuant to this Agreement shall, except in those cases where giving notice by telephone is expressly permitted, be given or delivered in writing. All written notices, communications and materials shall be sent by registered or certified mail, postage prepaid, return receipt requested, by telecopier, or delivered by hand. In the event of a discrepancy between any telephonic notice and any written confirmation thereof, such written confirmation shall be deemed the effective notice except to the extent Secured Party or Debtor has acted in reliance on such telephonic notice.

(b) Addresses. All notices, communications and materials to be given or delivered pursuant to this Agreement shall be given or delivered at the following respective addresses and telecopier and telephone numbers and to the attention of the following individuals or departments:

(i) if to Debtor, to it at:

National Spirit Group, Ltd.
9150 Markville Drive
Dallas, Texas 75243

Telecopier No.: 214/690-0825
Telephone No.: 214/231-6364
Attention: Mr. Jim Varnon

With a copy to:

R. Best Associates, Inc.
515 Post Oak Boulevard
Suite 550
Houston, Texas 77027

Attention: Mr. Joe M. Bailey

(ii) if to Secured Party, to it at:

NCNB Plaza
901 Main Street
7th Floor
Dallas, Texas 75202
Telecopier No.: (214) 508-0368
Telephone No.: (214) 508-0324

Attention: Commercial Banking Group

or at such other address, telecopier or telephone number or to the attention of such other individual or department as the party to which such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address".

(c) Effectiveness. Each notice, communication and any material to be given or delivered to Secured Party or the Debtor pursuant to this Agreement shall be effective or deemed delivered or furnished (i) if sent by mail, on the seventh Business Day after such notice, communication or material is deposited in the mail, addressed as above provided, (ii) if sent by telecopier, when such notice, communication or material is transmitted to the appropriate number determined as above provided in this Section 3.01 and the appropriate receipt is received or acknowledged, (iii) if sent by hand delivery or overnight courier, when left at the address of the addressee addressed as above provided and the appropriate receipt is received or acknowledged, and (iv) if given by telephone, when communicated to the individual or any member of the department specified as the individual or department to whose attention notices, communications and materials are to be given or delivered except that notices of a change of address, telecopier or telephone number or individual or department to whose attention notices, communications and materials are to be given or delivered shall not be effective until received.

(d) Designation of Notice. No notice shall be effective under Section 3.01(a) or (b) unless it is specifically designated, in the case of a notice under Section 3.01(a), "Notice of Change of Executive Office and Books and Records", and in the case of a notice under Section 3.01(b), "Notice of Change of Name, Identity or Limited Partnership Structure".

6.09. Rights and Remedies Cumulative. Each of Secured Party's rights and remedies under this Agreement shall be in addition to all of its other rights and remedies under this Agreement and applicable Law, and nothing herein shall be construed as limiting any such rights or remedies.

6.10. Amendments; Waivers. Any term, covenant, agreement or condition of this Agreement may be amended, and any right under this Agreement may be waived, if, but only if, such amendment or waiver is in writing and is signed by Secured Party and, in the case of an amendment, by Debtor. Unless otherwise specified in such waiver, a waiver of any right under this Agreement shall be effective only in the specific instance and for the specific purpose for which given. No election not to exercise, failure to exercise or delay in exercising any right, nor any course of dealing or performance, shall operate as a waiver of any right of the Secured Party under this Agreement or applicable Law, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right of Secured Party under this Agreement or applicable Law.

6.11. Assignments. (a) Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party.

(b) Secured Party may, in connection with any assignment under and in accordance with the License Agreement to any Person of any or all of the licensee's rights and obligations under such License Agreement, assign to such Person, or any agent(s) or representative(s) on behalf of such licensee and its sublicenses, any or all of Secured Party's rights and obligations under this Agreement and any other document or instrument, including financing and continuation statements and other filings, contemplated hereby and with respect to the Collateral without the consent of Debtor. In addition, Secured Party may assign or otherwise transfer (in whole or in part) to any other Person all of its rights and obligations under any Loan Document (including this Agreement).

6.12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE REQUIRED TO GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF TEXAS.

6.13. WAIVER OF JURY TRIAL. SECURED PARTY AND DEBTOR HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDINGS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

TRADE-MARK

REEL 0797 FRAME 804

6.14. Consent to Jurisdiction: Waiver of Immunities.

(a) Debtor hereby irrevocably submits to the non-exclusive jurisdiction of any United States Federal or Texas State courts sitting in Dallas County in any action or proceeding arising out of or relating to this Agreement, and Debtor hereby irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such court or that such court is an inconvenient forum.

(b) Nothing in this section shall limit the right of Secured Party to bring any action or proceeding against Debtor or its property in the courts of any other jurisdictions.

(c) Any judicial proceeding by Debtor against Secured Party involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement shall be brought only in a court in Dallas County, Texas to the extent that jurisdiction may be effected against such Person in Dallas County, Texas.

6.15. Severability of Provisions. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction. In the event that any change in applicable Law would render invalid or unenforceable any provision of this Agreement, Debtor agrees to enter into such amendments or modifications to this Agreement to provide Secured Party with benefits intended to be granted by such provision to the fullest extent not prohibited by applicable Law.

6.16. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto were upon the same instrument.

6.17. Successors and Assigns. All of the provisions of this Agreement shall be binding and inure to the benefit of the parties thereto and their respective successors and assigns.

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

6.19. Obligations Not Affected. To the fullest extent permitted by applicable Law, the obligations of Debtor under this Agreement shall remain in full force and effect without regard to, and shall not be impaired or affected by:

(a) any amendment or modification or addition or supplement to any Loan Document or any instrument delivered in connection therewith or any assignment or transfer thereof;

(b) any exercise, non-exercise, or waiver by Secured Party of any right, remedy, power or privilege under or in respect of, or any release of any guaranty or the Collateral or any part thereof provided pursuant to, this Agreement or any Loan Document;

(c) any waiver, consent, extension, indulgence or other action or inaction in respect of this Agreement, any Loan Document or any assignment or transfer of any thereof; or

(d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of Debtor or any other Person, whether or not Debtor shall have notice or knowledge of any of the foregoing.

6.20. ENTIRE AGREEMENT. THIS WRITTEN AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL ARGUMENTS BETWEEN THE PARTIES.

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

DEBTOR:

NATIONAL SPIRIT GROUP, LTD.

By National Cheer Corp.
a Texas corporation, and
its sole General Partner

By: _____
Joe M. Bailey, Vice President

TRADE MARK

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SECURED PARTY:

NCNB TEXAS NATIONAL BANK

By: _____
Donald P. Hellman, Vice President

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REEL 0797 FRAME 07

NOTICE OF SECURITY INTEREST IN TRADEMARKS

United States Patent and Trademark Office

Gentlemen:

Please be advised that pursuant to an Intellectual Property Security Agreement and Assignment (the "Security Agreement") dated as of March 13, 1991 between National Spirit Group, Ltd. ("Debtor") and NCNB Texas National Bank, ("Secured Party"), Debtor has granted to Secured Party a continuing security interest in, and a continuing lien upon, all of the trademarks and trademark applications described below:

Trademark		
<u>Trademark Registration Number</u>	<u>Trademark/Description of Trademark</u>	<u>Date of Trademark</u>
911,544 *	Cheerleader	04/27/71
1,132,169*	National Cheerleaders Association and Design	04/01/80
1,127,671-	Superstar Drill Team Camp	12/11/79
1,127,670*	Superstar Spirit Camps	12/11/79
1,806,333*	NCA Logo	09/27/85
1,341,584*	Cheerobics	06/11/85
2,019,661*	NCA Logo	01/26/88
1,395,849*	Cheerobics	06/03/86
332,202*	Cheerobics	07/16/86
133,407*	Cheerobics	11/10/86
1,995,377*	Cheerobics	10/27/87
1,995,376*	Cheerobics	10/27/87
2,043,905*	Cheerobics	04/26/88
136,542.	Cheerobics	01/09/87
131,095-	Cheerobics	09/23/86
327,802*	Cheerobics	06/01/86
336,533*	Cheerobics	08/16/86
1,606,338 *	Spirit Leader	07/17/90

Trademark Applications:

<u>Trademark Application Serial Number</u>	<u>Trademark/Description of Trademark Applied For</u>	<u>Date of Trademark Application</u>
39701/84	NCA Logo	05/07/84
60269/84	NCA Logo	06/11/84

TRADE-MARK

REEL 0797 FRAME 08

Secured Party's security interest in the described trademark and trademark applications can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

NATIONAL SPIRIT GROUP, LTD.

By National Cheer Corp.
a Texas corporation, and
its sole General Partner

By: _____
Joe M. Bailey, Vice President

TRADE-MARK

REEL 0797 FRAME 09

Acknowledged by:

NCNB TEXAS NATIONAL BANK.
as Secured Party

By: _____
Donald P. Hellman, Vice President

TRADE-MARK

REEL 0797 FRAME 10

NOTICE OF SECURITY INTEREST IN COPYRIGHTS

United States Copyright Office

Gentlemen:

Please be advised that pursuant to an Intellectual Property Security Agreement and Assignment (the "Security Agreement") dated as of March 13, 1991 between National Spirit Partners, Ltd. ("Debtor") and NCNB Texas National Bank, ("Secured Party"), Debtor has granted to Secured Party a continuing security interest in, and a continuing lien upon, all of the copyrights and copyright applications described below:

Copyrights

<u>Copyright Registration Number</u>	<u>Title of Copyrighted Item</u>	<u>Date of Copyright</u>
A743784	Partners Stunts & Pyramids	1976
PAu1-033-870	Cheerleader Tryout Secrets	1987
PAu743-784	Partner Stunts and Pyramids	
KK189127	Catalogue of Cheerleader Supplies	1965
A948053	Scholastic Paperback Book	1967
	Reading Program Activity Sheets	

Copyright Applications

<u>Copyright Application Number</u>	<u>Copyright Application Title</u>	<u>Date of Copyright Application</u>
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NONE

TRADE-MARK

REEL 0797 FRAME 11

TRADEMARK

REEL: 003079 FRAME: 0707

Secured Party's security interest in the described copyright and copyright applications can be terminated only in accordance with the terms of the Security Agreement.

Very truly yours,

NATIONAL SPIRIT GROUP, LTD.

By National Cheer Corp.
a Texas corporation, and
its sole General Partner

By: _____
Joe M. Bailey, Vice President

Acknowledged by:

NCNB TEXAS NATIONAL BANK,
as Secured Party

By: _____
Donald P. Hellman, Vice President

**GOVERNMENTAL CONSENTS.
APPROVALS AND FILINGS**

1. UCC-1 filings with the Texas Secretary of State necessary to perfect the security interest granted under this Agreement in the Collateral.
 2. Schedule 1.04(a)(ii)(B)-B, together with a complete original of this Agreement, filing with the U.S. Patent and Trademark Office.
 3. Schedule 1.04(a)(ii)(B)-C, together with a complete original of this Agreement, filing with the U.S. Patent and Trademark Office.
 4. Schedule 1.04(a)(ii)(B)-D, together with a complete original of this Agreement, filing with the U.S. Copyright Office.
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REEL 0797 FRAME 13

Schedule 2.06

STATE REGISTRATIONS

None as at March 13, 1991

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REEL 0797 FRAME 14

Annex A-1

Patents

None as at March 13, 1991

REEL 0797 FRAME 15

TRADE-MARK

Annex A-2

Patent Application

None as at March 13, 1991

REEL 0797 FRAME 16
TRADE-MARK

Annex B-1

Registered Trademarks

<u>Registered Trademark</u>	<u>Registration No.</u>	<u>Date Issued</u>	<u>Country of Registration</u>
Cheerleader	911,544	04/27/71	USA
National	1,132,169	04/01/80	USA
Cheerleaders Association and Design			
Superstar Drill	1,127,671	12/11/79	USA
Team Camp			
Superstar	1,127,670	12/11/79	USA
Spirit Camps			
NCA Logo	1,806,333	09/27/85	Japan
Cheerobics	1,341,584	06/11/85	USA
NCA Logo	2,019,661	01/26/88	Japan
Cheerobics	1,395,849	06/03/86	USA
Cheerobics	332,202	07/16/86	Taiwan
Cheerobics	133,407	11/10/86	Korea
Cheerobics	1,995,377	10/27/87	Japan
Cheerobics	1,995,376	10/27/87	Japan
Cheerobics	2,043,905	04/26/88	Japan
Cheerobics	136,542	01/09/87	Korea
Cheerobics	131,095	09/23/86	Korea
Cheerobics	327,802	06/01/86	Taiwan
Cheerobics	336,533	08/16/86	Taiwan
Spirit Leader	1,606,338	07/17/90	USA

TRADE-MARK

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Annex B-2

Trademark Application

<u>Trademark</u>	<u>Serial No.</u>	<u>Application Date</u>	<u>Country of Application</u>
NCA Logo	39701/84	05/07/84	Japan
NCA Logo	60269/84	06/11/84	Japan

TRADE-MARK

REEL 0797 FRAME 18

Annex C-1

Copyrights

<u>Nature of Interest of (e.g. owner, licensee) No.</u>	<u>Country of Issue</u>	<u>Copyright</u>	<u>Issue Date</u>
Owner A743784	USA	Partners Stunts & Pyramids	1976
Owner PAu1-033-870	USA	Cheerleader Tryout Secrets	1987
Owner PAu743-784	USA	Partner Stunts and Pyramids	
Owner KK189127	USA	Catalogue of Cheerleader Supplies	1965
Owner A948053	USA	Scholastic Paperback Book Reading Program Activity Sheets	1967

TRADE-MARK

REEL 0797 FRAME 819

Annex C-2

Copyright Applications

Nature of
Interest of
(e.g. owner,
licensee) _____

County of Issue

Date of
Copyright Application

NONE

TRADE-MARK

REEL 0797 FRAME 020

TRADEMARK

REEL: 003079 FRAME: 0716

Annex D

Trade Secrets

None as at March 13, 1991

TRADE-MARK

REEL 0797 FRAME 821

INTELLECTUAL PROPERTY SECURITY AGREEMENT
AND ASSIGNMENT QUESTIONNAIRE

National Spirit Group, Ltd. ("Debtor") is entering into an Intellectual Property Security Agreement and Assignment dated as of March 13, 1991 between National Spirit Group, Ltd. and NCNB Texas National Bank, (the "Security Agreement"). Capitalized terms have the meaning specified in the Security Agreement. In connection with the Security Agreement, Debtor is required to answer the following questions:

1. What is Debtor's exact partnership name as it appears in its certificate of limited partnership?

NATIONAL SPIRIT GROUP, LTD.

- 2a. State the complete address (including the county) of Debtor's chief executive office and, if different from its chief executive office, of the office where Debtor keeps its books and records relating to all or any portion of the Collateral.

9150 Markville Drive
Dallas, Texas 75243

- b. If Debtor maintains any records relating to any of the Collateral with an independent computer service firm or the like and if Debtor does not also maintain at one of the locations set forth in 2a above a copy of such records, specify the address (including the county) of each such Person.

Not Applicable.

3. Has Debtor's chief executive office or office where Debtor keeps its books and records relating to the Collateral been located at any other address (including that of any independent computer service firm or the like) during the past five years? If so, specify each such address (including the county).

No.

4. Please supply the following information with respect to each patent and patent application in which Debtor has any interest (whether as owner, licensee or otherwise):

TRADE-MARK

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Patents

Nature of Interest (e.g. owner, licensee)	Registered Patent No.	Issue Date	Country of Issue
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NONE

Patent Applications

Nature of Interest (e.g. owner, licensee)	Serial No.	Filing Date	Country of Issue
--	---------------	-------------	---------------------

NONE

5. Please supply the following information with respect to each registered trademark and trademark application in which Debtor has any interest (whether as owner, licensee or otherwise):

Registered Trademarks

Nature of Interest of (e.g. owner, licensee)	Registered Trademark	Registration No.	Int'l Class Covered	Goods or Services Covered	Date Registered	Country of Reg.
Owner	Cheerleader	911,544	28	Pom Poms	04/27/71	USA
Owner	National Cheer- Leaders Associ- ation and Design	1,132,169	16,41,200	Cheerleader Instruction Association Membership	04/01/80	USA
Owner	Superstar Drill Team Camp	1,127,671	41	Operating Schools	12/11/79	USA
Owner	Superstar Spirit Camps	1,127,670	41	Educational Camps	12/11/79	USA
Owner	NCA Logo	1,806,333	26	Printed Matter	09/27/85	Japan
Owner	Cheerobics	1,341,584	41	Teaching Cheerleading	06/11/85	USA

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Owner	NCA Logo	2,019,661	22	Shoes	01/26/88	Japan
Owner	Cheerobics	1,395,849	25	Shoes	06/03/86	USA
Owner	Cheerobics	332,202	44	Clothing	07/16/86	Taiwan
Owner	Cheerobics	133,407	45	Uniforms	11/10/86	Korea
Owner	Cheerobics	1,995,377	26	Video Tapes	10/27/87	Japan
Owner	Cheerobics	1,995,376	17	Clothing	10/27/87	Japan
Owner	Cheerobics	2,043,905	22	Shoes	04/26/88	Japan
Owner	Cheerobics	136,542	27	Shoes	01/09/87	Korea
Owner	Cheerobics	131,095	52	Video Tapes	09/23/86	Korea
Owner	Cheerobics	327,802	48	Shoes	06/01/86	Taiwan
Owner	Cheerobics	336,533	101	Video Tapes	08/16/86	Taiwan
Owner	Spirit Leader	1,606,338	14,18,25,42	Jewelry, Bags, Clothing, Mail Order Service	07/17/90	USA

Trademark Applications

<u>Nature of Interest (e.g. owner, licensee)</u>	<u>Trademark Application relates to following Trademark</u>	<u>Serial No.</u>	<u>Int'l Class Covered</u>	<u>Goods or Services Covered</u>	<u>Date of Appl.</u>	<u>Country of Appl.</u>
Owner	NCA Logo	39701/84	17	Clothing	5/7/84	Japan
Owner	NCA Logo	60269/84	24	Sporting Goods	6/11/84	Japan

6. Please supply the following information with respect to each registered copyright and copyright application in which Debtor has any interest (whether as owner, licensee or otherwise):

Copyrights

Nature of Interest of (e.g. owner, licensee)	<u>Copyright</u>	<u>Issue Date</u>	<u>No.</u>	<u>Country of Issue</u>
Owner	Partners Stunts & Pyramids	1976	A743784	USA
Owner	Cheerleader Tryout Secrets	1987	PAu1-033-870	USA
Owner	Partner Stunts and Pyramids		PAu743-784	USA
Owner	Catalogue of Cheerleader Supplies	1965	KK189127	USA
Owner	Scholastic Paperback Book Reading Program Activity Sheets	1967	A948053	USA

Copyright Applications

Nature of Interest of (e.g. owner, licensee)	<u>Copyright</u>	<u>Date of Application</u>	<u>Country of Issue</u>
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NONE

7. Please describe each allegation of use under Section 1(c) or 1(d) of the Trademark Act (15 U.S.C. §1051, *et. seq.*) filed by Debtor.

NONE

8. Please supply the following information with respect to each and every trade secret in which Debtor has any interest (whether as owner, licensee or otherwise):

Trade Secrets Owned

NONE

Debtor hereby certifies that its answers to the foregoing are complete and correct in all material respects and confirms that such answers constitute representations and warranties under the Security Agreement.

Date: March 13, 1991

DEBTOR:

NATIONAL SPIRIT GROUP, LTD.

By National Cheer Corp.
a Texas corporation, and
its sole General Partner

By: _____
Joe M. Bailey, Vice President

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OFFICE

JUN 27 1991

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