

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Trademark Security Agreement		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Pegasus International, Inc.		08/29/2005	CORPORATION: PENNSYLVANIA

RECEIVING PARTY DATA	
Name:	PNC Bank, National Association
Street Address:	1600 Market Street
City:	Philadelphia
State/Country:	PENNSYLVANIA
Postal Code:	19103
Entity Type:	Banking Corporation:

PROPERTY NUMBERS Total: 19

Property Type	Number	Word Mark
Registration Number:	2583371	PEGASUS
Registration Number:	2242131	PEGASUS
Registration Number:	2625995	
Registration Number:	2508321	NATURALLY FRESH
Registration Number:	2592457	BRAWN
Registration Number:	2802629	BRAWN
Registration Number:	2220304	PEGASUS
Registration Number:	2840762	SCENTS GALORE
Registration Number:	2752677	SCENTS GALORE
Registration Number:	2360861	SPA CORTINA
Registration Number:	2747917	SPA CORTINA
Registration Number:	2900529	SENSATIONAL SCENTS
Serial Number:	76334845	SENSATIONAL SCENTS
Registration Number:	2386576	CLEAN N GENTLE

CH \$490.00 2583371

Serial Number:	78327427	OXYBURST
Serial Number:	78578322	OXYBURST
Registration Number:	2323380	PEGASUS
Registration Number:	2328313	
Registration Number:	2451235	SPA CORTINA

CORRESPONDENCE DATA

Fax Number: (202)728-0744

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 2027216405

Email: christine.wilson@thomson.com

Correspondent Name: Corporation Service Company

Address Line 1: 80 State Street

Address Line 2: 6th Floor

Address Line 4: Albany, NEW YORK 12207

NAME OF SUBMITTER:	Christine Wilson
Signature:	/CHRISTINE WILSON/
Date:	09/29/2005

Total Attachments: 15

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TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT ("Agreement") is made this 29th day of August, 2005, by PEGASUS INTERNATIONAL, INC., a Pennsylvania corporation ("Grantor") having a mailing address at 400 Commerce Drive, Suite A, Fort Washington, Pennsylvania 19034 and delivered to PNC BANK, NATIONAL ASSOCIATION, having a mailing address at 1600 Market Street, Philadelphia, Pennsylvania 19103, Attn: Robert T. Orzechowski, as agent (in such capacity, "Agent") for the Lenders (as defined below) under the Loan Agreement (as defined below).

BACKGROUND

A. This Agreement is being executed in connection with that certain Revolving Credit and Security Agreement of even date herewith (as it may hereafter be amended, modified, restated or replaced from time to time, the "Loan Agreement"), among Agent, the financial institutions which are now or which hereafter become a party thereto as Lenders (collectively, the "Lenders") and Grantor, under which, inter alia, Grantor is granting Agent, for the benefit of Agent and Lenders, a lien on and security interest in, certain assets of Grantor associated with or relating to services or products sold under Grantor's trademarks and the goodwill associated therewith, and under which Agent is entitled to foreclose or otherwise deal with such assets under the terms and conditions set forth therein.

B. Grantor has adopted, used and is using (or has filed applications for the registration of) the trademarks, servicemarks and tradenames listed on Schedule A attached hereto and made part hereof.

C. Pursuant to the Loan Agreement, Agent is acquiring a lien on, security interest in and a license to use the Trademarks (as defined below) and the registrations thereof, together with all the goodwill of Grantor associated therewith and represented thereby, as security for all of the Obligations (as defined in the Loan Agreement), and Agent desires to have its security interest in such Trademarks confirmed by a document identifying same and in such form that it may be recorded in the United States Patent and Trademark Office.

D. Capitalized terms not defined herein shall have the meaning ascribed to them in the Loan Agreement.

NOW THEREFORE, with the foregoing Background hereinafter deemed incorporated by reference and made a part hereof, and in consideration of the premises and mutual promises herein contained, the parties hereto, intending to be legally bound hereby, covenant and agree as follows:

1. To secure the complete and timely payment and satisfaction of the Obligations, Grantor hereby grants to Agent, for the benefit of Agent and Lenders, and hereby reaffirms its grant pursuant to the Loan Agreement of, a continuing security interest in Grantor's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) in connection therewith, including, without limitation, the trademarks, servicemarks and tradenames listed on Schedule A attached hereto and made a part hereof, and all renewals thereof, and all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually or collectively referred to as the "Trademarks"); and all rights corresponding to any of the foregoing throughout the world and the goodwill of the Grantor's business connected with the use of and symbolized by the Trademarks.

2. Grantor hereby covenants and agrees to maintain the Trademarks in full force and effect in all material respects until all of Grantor's Obligations are indefeasibly paid and satisfied in full.

3. Grantor represents, warrants and covenants to Agent that:

(a) The Trademarks are subsisting and have not been adjudged invalid or unenforceable;

(b) All of the Trademarks (other than applications for the registration thereof which have been filed) are registered, valid and enforceable;

(c) Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of its Trademarks, and each of its Trademarks is free and clear of any liens, charges and encumbrances including, without limitation, pledges, assignments, licenses (other than to Agent) and covenants by Grantor not to sue third persons;

(d) Grantor has the unqualified right, power and authority to enter into this Agreement and perform its terms;

(e) Grantor has complied in all material respects with, and will continue for the duration of this Agreement to comply in all material respects with, the requirements set forth in 15 U.S.C. §1051-1127 and any other applicable statutes, rules and regulations in connection with its use of the Trademarks;

(f) Grantor has no notice of any suits or actions commenced or threatened against it, or notice of claims asserted or threatened against it, with reference to the Trademarks; and

(g) Grantor has used and will continue to use for the duration of this Agreement, standards of quality in any and all services or products leased or sold in connection with which the Trademarks are used consistent with commercially reasonable business practices and hereby grants to Agent and its employees and agents the right (with no obligation of any kind upon Agent to do so) to visit Grantor's affiliates, franchises or management locations and to inspect the use of the Trademarks and quality control records relating thereto at reasonable times during regular business hours to ensure Grantor's compliance with this Section 3(g). Agent shall endeavor to provide Borrower with reasonable prior notice of any such inspection, provided that Agent's or such Lender's failure to provide such notice shall not impair or otherwise limit Agent's or such Lenders' rights under this Section 3(g). Upon the occurrence and during the continuance of an Event of Default, Grantor agrees that Agent, or a conservator appointed by Agent, shall have the right to establish such additional product quality controls as Agent, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Grantor under the Trademarks.

4. Grantor further covenants that:

(a) Until all of Grantor's Obligations are indefeasibly paid and satisfied in full and the Loan Agreement is terminated, Grantor will not enter into any agreement, including, without limitation, license agreements or options, which are inconsistent with Grantor's obligations under this Agreement, Grantor's obligations under the Loan Agreement or which restrict or impair Agent's rights hereunder.

(b) Based on a diligent investigation by Grantor, (i) the Trademarks listed on Schedule A constitute all of the United States federally registered Trademarks, and United States federal applications for registration of Trademarks (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) now owned by Grantor and (ii) Grantor does not own any foreign registered Trademarks or foreign applications for registration of Trademarks. If, before the Obligations shall have been satisfied in full and any obligation or commitment of Lender to make loans or advance thereunder have been terminated, Grantor shall (a) become aware of any existing Trademarks of which Grantor has not previously informed Agent, or (b) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Agreement above shall automatically apply thereto and Grantor shall give to Agent prompt written notice thereof, along with an amended Schedule A. Grantor hereby authorizes Agent to modify this Agreement by amending Schedule A by replacing it with any such amended schedule provided by Grantor under the provisions of this Section 4(b).

5. The term of this Agreement shall extend until the payment in full of the Obligations and the termination of the Loan Agreement and the Other Documents and any obligation or commitment of Agent and Lenders to make loans or advances thereunder. Grantor agrees that upon the occurrence and during the continuance of an Event of Default, Grantor shall be deemed to have granted a non-exclusive license to Agent to use the Trademarks in the exercise by Agent of its rights as a secured creditor with respect to Grantor's tangible property and the use by Agent of all Trademarks pursuant to such deemed license shall be without any liability for royalties or other related charges from Agent to Grantor.

6. Grantor agrees not to sell, grant any option, assign or further encumber its rights and interest in the Trademarks to any entity or person other than Agent without the prior written consent of Agent.

7. All rights and remedies herein granted to Agent shall be in addition to any rights and remedies granted to Agent under the Loan Agreement and Other Documents.

8. Subject to the terms of the Loan Agreement, Grantor shall have the duty to prosecute diligently any application and/or registration with respect to the Trademarks pending as of the date of this Agreement or thereafter, until Grantor's Obligations are indefeasibly paid and satisfied in full and the Loan Agreement is terminated, to preserve and maintain all rights in the Trademarks, and upon reasonable request of Agent, Grantor shall make federal application on registerable but unregistered Trademarks belonging to Grantor. Any expenses incurred in connection with such applications shall be borne exclusively by Grantor. Grantor shall not abandon any material Trademarks without the prior written consent of Agent.

9. Grantor shall have the right to bring suit in its own name to enforce the Trademarks, in which event Agent may, if Grantor reasonably deems it necessary, be joined as a nominal party to such suit if Agent shall have been satisfied, in its sole discretion, that it is not thereby incurring any risk of liability because of such joinder. Grantor shall promptly, upon demand, reimburse and indemnify Agent for all damages, costs and expenses, including reasonable attorneys' fees and costs, incurred by Agent in the fulfillment of the provisions of this paragraph.

10. After the occurrence and during the continuance of an Event of Default, Agent shall have the right, but shall in no way be obligated, to bring suit in its own name and in the name of the Lenders to enforce the Trademarks and, if Agent shall commence any such suit in the exercise of its sole discretion, Grantor shall, at the request of Agent, do any and all lawful acts and execute any and all proper documents required by Agent in aid of such enforcement and Grantor shall promptly, upon demand, reimburse and indemnify Agent and Lenders for all costs and expenses incurred by Agent and Lenders in the exercise of its rights under this Section.

11. Anything herein contained to the contrary notwithstanding, if and while an Event of Default exists under either Loan Agreement, Grantor hereby covenants and agrees that Agent,

as the holder of a security interest under the Uniform Commercial Code, as now or hereafter in effect from time to time, in the Commonwealth of Pennsylvania, may take such action permitted hereunder or thereunder, in its exclusive discretion, to foreclose upon the Trademarks covered hereby.

12. All of Agent's and Lenders' rights and remedies with respect to the Trademarks, whether established hereby or by the Other Documents, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Grantor hereby appoints Agent, and appoints any officer or agent of Agent as Agent may select, in its sole discretion, as Grantor's true and lawful attorney-in-fact, with power, exercisable upon the occurrence and during the continuance of an Event of Default, to (i) endorse Grantor's name on all applications, documents, papers and instruments necessary or desirable for Agent in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as Agent deems to be in the best interest of Agent and Lenders in order to carry out the terms hereof and enforce and protect Agent's and Lenders' rights hereunder, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone, including, without limitation, pursuant to a Trademark Assignment(s) in the form attached hereto as Exhibit I. Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until the Obligations shall have been paid in full and the Loan Agreement and the Other Documents and any obligation or commitment of Agent and Lenders to make loans or advances thereunder have been terminated. Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of Agent and Lenders under the Loan Agreement and Other Documents but rather is intended to facilitate the exercise of such rights and remedies. Agent and Lenders shall have, in addition to all other rights and remedies given by the terms of this Agreement and the Other Documents, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the Commonwealth of Pennsylvania.

13. No modification, amendment or waiver of, or consent to any departure by the Grantor from, any provision of this Agreement will be effective unless made in a writing signed by Agent, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Grantor in any case will entitle the Grantor to any other or further notice or demand in the same, similar or other circumstance.

14. If an Event of Default has occurred and is continuing under the Loan Agreement, Agent may, without any obligation to do so, complete any obligation of Grantor hereunder, in Grantor's name or in Agent's name, but at the expense of Grantor.

15. No course of dealing between Grantor and Agent, nor any failure to exercise, nor any delay in exercising, on the part of Agent, any right, power or privilege hereunder, shall operate as a waiver thereof, and all of Agent's rights and remedies with respect to the Trademarks, whether established hereby or by the Loan Agreement and the Other Documents or

by any other future agreements between Grantor and Agent or by law, shall be cumulative and may be exercised singularly or concurrently.

16. This Agreement will be binding upon and inure to the benefit of Grantor, Agent and each Lender and their respective successors and assigns; provided, however, that Grantor may not assign or delegate this Agreement in whole or in part without the Agent's prior written consent.

17. This Agreement, the Loan Agreement and the Other Documents embody the whole agreement and understanding of the parties hereto relative to the subject matter hereof and thereof.

18. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA APPLIED TO CONTRACTS TO BE PERFORMED WHOLLY WITHIN THE COMMONWEALTH OF PENNSYLVANIA. Any judicial proceeding brought by or against Grantor with respect to any of the Obligations, this Agreement or any related agreement may be brought in any court of competent jurisdiction in the Commonwealth of Pennsylvania, United States of America, and, by execution and delivery of this Agreement, Grantor accepts for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. Grantor hereby waives personal service of any and all process upon it and consents that all such service of process may be made by registered mail (return receipt requested) directed to Grantor at its address set forth in Section 15.6 of the Loan Agreement and service so made shall be deemed completed five (5) days after the same shall have been so deposited in the mails of the United States of America. Nothing herein shall affect the right to serve process in any manner permitted by law or shall limit the right of Agent or any Lender to bring proceedings against Grantor in the courts of any other jurisdiction. Grantor waives any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon forum non conveniens. Grantor waives the right to remove any judicial proceeding brought against Grantor in any state court to any federal court. Any judicial proceeding by Grantor against Agent or any Lender involving, directly or indirectly, any matter or claim in any way arising out of, related to or connected with this Agreement or any related agreement, shall be brought only in a federal or state court located in the County of Philadelphia, Commonwealth of Pennsylvania.

19. Any notice or demand hereunder may be given to Grantor in the same manner and at the same address set forth in Section 15.6 of the Loan Agreement.

20. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION

HEREWITH, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY HEREBY CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

21. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

22. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, it shall not affect or impair the validity, legality and enforceability of the remaining provisions in this Agreement.

[SIGNATURE PAGE FOLLOWS]

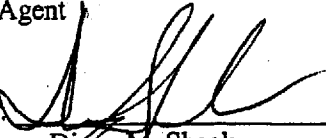
IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal,
the day and year first above written.

PEGASUS INTERNATIONAL, INC.

By: _____
Name: Richard M. Reiner
Title: President

Acknowledged and agreed:

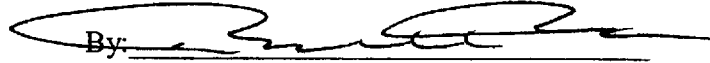
PNC BANK, NATIONAL ASSOCIATION,
as Agent

By:  _____
Name: Diane M. Shaak
Title: Vice President

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal,
the day and year first above written.

PEGASUS INTERNATIONAL, INC.

By: 

Name: Richard M. Reiner

Title: President

Acknowledged and agreed:

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By: _____

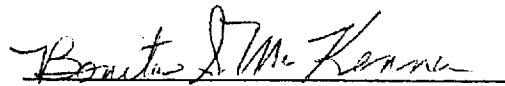
Name: Diane M. Shaak

Title: Vice President

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
COMMONWEALTH OF PENNSYLVANIA : SS
COUNTY OF PHILADELPHIA :

On this 29th of August, 2005, before me personally appeared Richard M. Reiner, to me known and being duly sworn, deposes and says that he is authorized to sign on behalf of Pegasus International, Inc.; that he signed the Agreement thereto pursuant to the authority vested in him by law; that the within Agreement is the voluntary act of such corporation; and he desires the same to be recorded as such.





Notary Public
My Commission Expires:

NOTARIAL SEAL
BONITA S. MCKENNA, Notary Public
City of Philadelphia, Phila. County
My Commission Expires November 5, 2005





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TRADEMARK
REEL: 003167 FRAME: 0020

Schedule A to Trademark Security Agreement

Mark	Registration Number (Application Number)	Class of Goods	Registration Date (Application Date)
PEGASUS and Design 	2,583,371	3	June 18, 2002
PEGASUS and Design 	2,242,131	3 and 5	April 27, 1999
Design 	2,625,995	3	September 24, 2002
NATURALLY FRESH* *Record indicates current owner as: NATURALLY FRESH, INC. (a Georgia Corporation)	2,508,321	5	November 20, 2001
BRAWN	2,592,457	3	July 9, 2002
BRAWN	2,802,629	3	January 6, 2004
PEGASUS	2,220,304	5	January 26, 1999
SCENTS GALORE	2,840,762	5	May 11, 2004
SCENTS GALORE	2,752,677	3	August 19, 2003

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SPA CORTINA	2,360,861	3	June 20, 2000
SPA CORTINA	2,747,917	3	August 5, 2003
SENSATIONAL SCENTS	2,900,529	5	November 2, 2004
SENSATIONAL SCENTS	(76/334,845)	3	(November 6, 2001)
CLEAN AND GENTLE and Design 	2,386,576	3	September 12, 2000
OXY BURST	(78/327,427)	3	(November 13, 2003)
OXY BURST and Design 	(78/578,322)	3	(March 2, 2005)
Design 	2,328,313	3 and 5	March 14, 2000
PEGASUS and Design 	2,323,380	5	February 29, 2000
SPA CORTINA	2,451,235	3	May 15, 2001

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Exhibit 1 to Trademark Security Agreement

TRADEMARK ASSIGNMENT

WHEREAS, Pegasus International, Inc., a Pennsylvania corporation ("Grantor"), is the registered owner of the United States trademarks, tradenames and registrations listed on Schedule A attached hereto and made a part hereof (the "Trademarks"), which are registered in the United States Patent and Trademark Office; and

WHEREAS, _____ ("Grantee") having a place of business at _____, is desirous of acquiring the Trademarks;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound hereby, Grantor, its successors and assigns, does hereby transfer, assign and set over unto Grantee, its successors, transferees and assigns, all of its present and future right, title and interest in and to the Trademarks and all proceeds thereof and all goodwill associated therewith.

IN WITNESS WHEREOF, the undersigned has caused this Trademark Assignment to be executed as of the ____ day of _____, 200__.

PEGASUS INTERNATIONAL, INC.

By: _____
As Attorney-in-fact

CORPORATE ACKNOWLEDGMENT

UNITED STATES OF AMERICA :
STATE OF _____ : SS
COUNTY OF _____ :

On this the ____ day of _____, 200__ before me a Notary Public for the said County and State, personally appeared _____ known to me or satisfactorily proven to me to be attorney-in-fact on behalf of Pegasus International, Inc. ("Grantor"), and he/she acknowledged to me that he/she executed the foregoing Trademark Assignment on behalf of Grantor, and as the act and deed of Grantor for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(Individual Notary)

My Commission Expires:

SCHEDULE A TO TRADEMARK ASSIGNMENT

Mark	Registration Number (Application Number)	Class of Goods	Registration Date (Application Date)
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