

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Quartermaster, Incorporated		12/16/2005	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Patriot Capital Funding, Inc., as Agent		
Street Address:	274 Riverside Avenue		
Internal Address:	First Floor		
City:	Westport		
State/Country:	CONNECTICUT		
Postal Code:	06880		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2480445	LAWPRO	
CORRESPONDENCE DATA			
Fax Number:	(312)863-7806		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	312-863-7198		
Email:	nancy.brougher@goldbergekohn.com		
Correspondent Name:	Nancy Brougher c/o Goldberg Kohn		
Address Line 1:	55 East Monroe Street		
Address Line 2:	Suite 3700		
Address Line 4:	Chicago, ILLINOIS 60603		
ATTORNEY DOCKET NUMBER:	5654.005		
NAME OF SUBMITTER:	Nancy Brougher		
Signature:	/njb/		

OP \$40.00 2480445

Date:

12/20/2005

Total Attachments: 34

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INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS INTELLECTUAL PROPERTY SECURITY AGREEMENT (this "Agreement") is made and entered into as of December 16, 2005 by and between QUARTERMASTER, INCORPORATED, a Delaware corporation, with a mailing address at 17600 Fabrica Way, Cerritos, California 90703 (the "Grantor") and PATRIOT CAPITAL FUNDING, INC., a Delaware corporation, with a mailing address at 274 Riverside Avenue, First Floor, Westport, Connecticut 06880 ("Agent"), in its capacity as agent for the Purchasers identified in the Senior Secured Loan Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") among the Grantor, Agent and the Purchasers party thereto (the "Purchasers") dated as of even date herewith.

RECITALS

A. Pursuant to the Loan Agreement, the Purchasers have purchased the Notes (as defined in the Loan Agreement) from, and advanced certain loans to, the Grantor and the Grantor has incurred certain obligations to Purchasers and Agent. Capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement.

B. In order to induce the Purchasers to purchase the Notes in accordance with the Loan Agreement, and in consideration therefor, the Grantor has agreed to grant to the Agent, for the benefit of the Purchasers, a perfected lien on the security interest in all of the Grantor's trademarks, copyrights and patents, whether now or hereafter existing, owned or acquired, all pursuant to the terms of this Agreement in order to secure, for the benefit of the Purchasers, (i) the due and punctual payment of (A) the principal and interest (including, without limitation, interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding regardless of whether allowed or allowable in such proceeding) on the Notes, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (B) all other monetary obligations of the Grantor under the Notes, the Loan Agreement, this Agreement or the other Security Documents, including, but not limited to, fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including, without limitation monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding regardless of whether allowed or allowable in such proceeding), and (ii) the due and punctual performance (as applicable) of the covenants, agreements, obligations and liabilities of the Grantor under or pursuant to the Loan Agreement, the Notes, this Agreement or the other Security Documents (collectively, the "Secured Obligations").

C. It is a condition precedent to the purchase and acceptance of the Notes by the Purchasers that the Grantor executes and delivers this Agreement.

NOW, THEREFORE, for and in consideration of the covenants and provisions set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

Section 1. **Grant of Security Interest in the Collateral; Obligations Secured.**

(a) As security for the Secured Obligations, the Grantor hereby:

(1) sells, mortgages, conveys, assigns, pledges and grants to the Agent, for the benefit of the Purchasers under the Loan Agreement, a continuing security interest in, and acknowledges and agrees that the Agent, for the benefit of the Purchasers under the Loan Agreement, has and shall continue to have a continuing security interest in, any and all right, title and interest of the Grantor, whether now existing or hereafter acquired or arising, in and to the following:

i. **Patents.** Patents, whether now owned or hereafter acquired, or in which Grantor now has or hereafter acquires any rights (the term "Patent" means and includes (A) all letters patent of the United States of America or any other country or any political subdivision thereof, now existing or hereafter acquired, all registrations and recordings thereof, and all applications for letters patent of the United States of America or any other country or any political subdivision thereof, now existing or hereafter acquired, including without limitation registrations, recordings and applications therefor in the United States Patent and Trademark Office or any other country or any political subdivision thereof and (B) all reissues, continuations, continuations-in-part or extensions thereof), including without limitation each Patent listed on Schedule A-1 hereto, and all of the inventions now or hereafter described and claimed in the Grantor's Patents;

ii. **Patent Licenses.** Patent Licenses, whether now owned or hereafter acquired, or in which the Grantor now has or hereafter acquires any rights (the term "Patent Licenses" means and includes any written agreement granting to any person any right to exploit, use or practice any invention on which a Patent is owned by another person), including without limitation each Patent License listed on Schedule A-2 hereto, and all royalties and other sums due or to become due under or in respect of the Grantor's Patent Licenses, together with the right to sue for and collect all such royalties and other sums;

iii. **Trademarks.** Trademarks, whether now owned or hereafter acquired, or in which the Grantor now has or hereafter acquires any rights (the term "Trademarks" means and includes (A) all trademarks, trade names, trade styles, service marks and logos, all prints and labels on which said trademarks, trade names, trade styles, service marks and logos have appeared or appear and all designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United

States Patent and Trademark Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (B) all renewals thereof), including without limitation each Trademark application and registration listed on Schedule B-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark;

iv. **Trademark Licenses.** Trademark Licenses, whether now owned or hereafter acquired, or in which the Grantor now has or hereafter acquires any rights (the term "Trademark Licenses" means and includes any written agreement granting to any person any right to use or exploit any Trademark or Trademark registration of another person), including without limitation the agreements described in Schedule B-2 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each Trademark licensed and all royalties and other sums due or to become due under or in respect of the Grantor's Trademark Licenses, together with the right to sue for and collect all such royalties and other sums;

v. **Copyrights.** Copyrights and Copyright registrations, whether now owned or hereafter acquired, or in which the Grantor now has or hereafter acquires any rights (the term "Copyrights" means and includes (A) all original works of authorship fixed in any tangible medium of expression, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including without limitation registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States of America, any state thereof or any other country or any political subdivision thereof and (B) all renewals thereof), including without limitation each Copyright registration listed on Schedule C-1 hereto;

vi. **Copyright Licenses.** Copyright Licenses, whether now owned or hereafter acquired, or in which the Grantor now has or hereafter acquires any rights (the term "Copyright Licenses" means and includes any written agreement granting to any person any right to use or exploit any Copyright or Copyright registration of another person), including without limitation the agreements described in Schedule C-2 hereto, and all royalties and other sums due or to become due under or in respect of the Grantor's Copyright Licenses, together with the right to sue for and collect all such royalties and other sums; and

vii. **Proceeds and Products.** All proceeds and products of the foregoing and all insurance of the foregoing and proceeds thereof, whether now existing or hereafter arising, including without limitation (A) any claim of the Grantor against third parties for damages by reason of past, present or future infringement of any Patent or any Patent licensed under any Patent License, (B) any claims by the Grantor against third parties for damages by reason of past, present or future infringement or dilution of any Trademark or of any Trademark licensed under any Trademark License, or for injury to the goodwill of the business connected with the

use of, or symbolized by, any Trademark or of any Trademark licensed under any Trademark License, (C) any claim of the Grantor against third parties for damages by reason of past, present or future infringement of any Copyright or any Copyright licensed under any Copyright License, and (D) any claim of the Grantor against third parties for damages by reason of past, present or future infringement of any Copyright or any Copyright licensed under any Copyright License, and (E) any claim by the Grantor against third parties for damages by reason of past, present or future misappropriation or wrongful use or disclosure of any trade secret or other property or right described above or of any such trade secret or other property or right licensed under any license or agreement described above, and together with the right to sue for and collect the damages described in the immediately preceding clauses (A), (B), (C) and (D);

all of the foregoing being herein sometimes referred to as the "Collateral"; and

(2) provided, however, the Collateral described above shall not include any interest of the Grantor in any lease, license, permit, franchise or other agreement, or any property subject to any of the foregoing, (i) the terms of which expressly prohibit the granting of a Lien or an assignment with respect to such item or the grant or perfection of a Lien in favor of the Agent results in a breach or termination thereof or constitutes a default thereunder, but only to the extent (A) any necessary consent to the granting of a Lien or assignment shall not have been obtained and (B) the terms of any such lease, license, permit, franchise or other agreement are not rendered ineffective by Sections 9-406, 9-407 or 9-408 of the Code or (ii) with respect to which the granting of a Lien therein would otherwise void or result in termination, invalidation or abandonment of such lease, license, permit, franchise or other agreement or any property subject to the foregoing by operation of law (the "Excluded Collateral"); provided, further, that notwithstanding anything set forth in the proviso set forth above to the contrary, to the extent not prohibited by law, the Agent, for the benefit of the Purchasers, shall at all times have a security interest in all rights of the Grantor to payments of money due or to become due under any such lease, license, permit, franchise or other agreement and all proceeds thereof, and, if and when the prohibition which prevents the granting of a Lien or an assignment of any such property is removed, terminated or otherwise becomes unenforceable as a matter of law, the Agent will be deemed to have, and at all times to have had, a security interest in such property and the Collateral will be deemed to include, and at all times to have included, such property. Grantor represents and warrants that no lease, license, permit, franchise or other agreement (other than governmental licenses and permits) of the type described in this paragraph (2) and material to its business is Excluded Collateral.

(b) This Agreement, including the security interest granted hereunder, is made and given to secure, and shall secure, the prompt payment or performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations.

Section 2. **Continuing Agreement; Termination and Release.** This Agreement is made for collateral purposes only. This Agreement shall be a continuing

agreement in every respect and shall remain in full force and effect until all of the Secured Obligations shall have been fully paid and satisfied and all commitments of the Purchasers under the Loan Agreement have been terminated. Upon such termination of this Agreement, the Agent shall, upon the request and at the expense of the Grantor, forthwith release, assign and transfer, without recourse, and, to the extent applicable, deliver, against receipt and without recourse to the Agent, such of the Collateral as may then be in the possession of the Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof to or on the order of the Grantor. Said release, assignment, transfer and delivery shall include an instrument in form recordable in the United States Patent and Trademark Office and the United States Copyright Office by which the Agent shall terminate and release the security interests granted hereunder in all rights in each Patent, Patent License, Trademark, Trademark License, Copyright and Copyright License, including each registration thereof and application therefor.

Section 3. **No Release.** Nothing set forth in this Agreement shall relieve the Grantor from the performance of any term, covenant, condition or agreement on the Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any party under or in respect of any of the Collateral or impose any obligation on the Agent to perform or observe any such term, covenant, condition or agreement on the Grantor's parts to be so performed or observed or impose any liability on the Agent for any act or omission on the part of the Grantor relative thereto or for any breach of any representation or warranty on the part of the Grantor contained in this Agreement or under or in respect of the Collateral or made in connection herewith or therewith.

Section 4. **Use of Collateral.** Notwithstanding anything to the contrary contained herein in writing, until an Event of Default has occurred and is continuing and until otherwise notified in writing by the Agent, the Grantor may continue to exploit, license, use, enjoy and protect the Collateral throughout the world and the Agent shall from time to time execute and deliver, upon written request of the Grantor, any and all instruments, certificates or other documents, in the form so requested, necessary or appropriate in the reasonable judgment of the Grantor to enable the Grantor to continue to exploit, license, use, enjoy and protect the Collateral throughout the world.

Section 5. **Representations and Warranties of the Grantor.** The Grantor hereby represents and warrants to the Agent as follows:

(a) The Grantor is, and, as to the Collateral acquired by it from time to time after the date hereof, the Grantor will be, the owner or, as applicable, licensee of all the Collateral. The Grantor's rights in the Collateral are and shall remain free and clear of any lien, pledge, security interest, encumbrance, assignment, collateral assignment or charge of any kind, including without limitation any filing of, or agreement to file, a financing statement as Grantor under the Uniform Commercial Code or any similar statute, except for the lien and security interest created by this Agreement and Permitted Liens. The Grantor further represents and warrants to the Agent that Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto, respectively, are true and correct lists of all Patents, Patent Licenses, Trademarks,

Trademark Licenses, Copyrights and Copyright Licenses owned or used by the Grantor as of the date hereof other than readily available, non-negotiated licenses of computer software and other intellectual property used solely for performing accounting, word processing and similar administrative tasks ("Off-The-Shelf Software"), and that Schedules A-1, A 2, B-1, B-2, C-1 and C-2 are true and correct with respect to the matters set forth therein as of the date hereof.

(b) The Grantor owns directly or has rights to use all the Collateral and all rights with respect to any of the foregoing used in or necessary for the business of the Grantor in the ordinary course as presently conducted. The use of the Collateral and all rights with respect to the foregoing by the Grantor does not, to the actual knowledge of the Grantor, infringe, in any material respect, on the rights of any party, nor has any claim of such infringement been made.

(c) Upon the filing of financing statements including the Collateral in the appropriate offices under the Uniform Commercial Code, and the filing of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable, this Agreement will create a valid and duly perfected lien on and security interest in the Collateral which is registered in and with the United States of America effective against purchasers from and creditors of the Grantor, subject to no prior liens or encumbrances other than Permitted Liens.

Section 6. **Covenants and Agreements of the Grantor.** The Grantor hereby covenants and agrees with the Agent as follows:

(a) On a continuing basis, the Grantor will, at the expense of the Grantor, subject to any prior licenses, encumbrances and restrictions and prospective licenses, encumbrances and restrictions permitted hereunder or under the other Purchase Documents, make, execute, acknowledge and deliver, and file and record in the proper filing and recording places within the United States of America, all such instruments, including without limitation appropriate financing and continuation statements and collateral agreements, and take all such action as may reasonably be deemed necessary or advisable by the Agent (i) to carry out the intent and purposes of this Agreement, (ii) to assure and confirm to the Agent the grant or perfection of the security interest in the Collateral intended to be created hereby, subject to no prior Liens or encumbrances other than Permitted Liens, for the benefit of the Agent or (iii) to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to the Collateral during the continuance of an Event of Default.

(b) Without limiting the generality of the foregoing paragraph (a) of this Section 6, the Grantor (i) will not enter into any agreement that would impair or conflict, in any material way, with the Grantor's obligations hereunder; (ii) will, promptly following its becoming aware thereof, notify the Agent of (x) any final adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office or (y) the institution of any proceeding or any adverse determination in any federal, state, local or foreign court or administrative body, in both clauses (x) and (y), regarding the

Grantor's claims of ownership in or right to use any of the Collateral, its right to register any such Collateral or its right to keep and maintain such registration; (iii) will preserve and maintain all rights in the Collateral, unless no longer used in the ordinary course of the Grantor's business or no longer deemed, in Grantor's reasonable judgment, to be beneficial to the Grantor's business in the ordinary course; (iv) will not grant or permit to exist any lien or encumbrance upon or with respect to the Collateral or any portion thereof except Permitted Liens and will not execute any security agreement or financing statement covering any of the Collateral except in favor of the Agent; (v) will not permit to lapse or become abandoned (unless no longer used in the ordinary course of the Grantor's business or no longer deemed, in Grantor's reasonable judgment, to be beneficial to the Grantor's business in the ordinary course), or settle or compromise any pending or future material litigation or material administrative proceeding with respect to any Collateral that could reasonably be expected to have a Material Adverse Effect without the prior written consent of the Agent, or, except for licenses of Collateral in the ordinary course of business, contract for sale or otherwise sell, convey, assign or dispose of, or grant any option with respect to, the Collateral or any portion thereof; (vi) upon the Grantor obtaining knowledge thereof, will promptly notify the Agent in writing of any event that could have a Material Adverse Effect on the value of any of the Collateral, the ability of the Grantor or the Agent to dispose of any such Collateral or the rights and remedies of the Agent in relation thereto, including without limitation a levy or threat of levy or any legal process against any such Collateral that could have a Material Adverse Effect; (vii) will diligently keep reasonable records respecting the Collateral; and (viii) will furnish to the Agent from time to time statements and schedules further identifying and describing the Collateral and such other materials evidencing or reports pertaining to the Collateral as the Agent may reasonably request, all in reasonable detail.

(c) If, before the Secured Obligations shall have been indefeasibly paid and satisfied in full in cash and all commitments of the Purchasers under the Loan Agreement have been terminated, the Grantor shall obtain any rights to or become entitled to the benefit of any new Patent, patent application, service mark, trade name, Trademark, trademark application, trademark registration, Copyright, copyright application, copyright registration, license renewal or extension, or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and the same shall automatically constitute Collateral and be and become subject to the assignment, lien and security interest created hereby, as the case may be, without further action by any party, all to the same extent and with the same force and effect as if the same had originally been Collateral hereunder. If the Grantor so obtains or becomes entitled to any of the rights described above, the Grantor shall promptly give written notice thereof to the Agent. The Grantor agrees to confirm the attachment of the lien and security interest created hereby to any such rights described above by execution of instruments, including, but not limited to, instruments for recordation with the United States Patent and Trademark Office and the United States Copyright Office, in form and substance acceptable to the Agent.

(d) The Grantor shall promptly notify the Agent of any future Collateral and, upon receipt of such notice by the Agent, Schedules A-1, A-2, B-1, B-2, C-1 and C-2 hereto shall be deemed amended to include reference to any such future Collateral.

(e) The Grantor shall prosecute diligently applications for the Patents, Trademarks and Copyrights now or hereafter pending and make application on unpatented but patentable inventions and registrable but unregistered Trademarks and Copyrights, that, in each case, in the Grantor's reasonable judgment would be materially beneficial to the business of the Grantor in the ordinary course as presently, and as now contemplated will be, conducted, file and prosecute opposition and cancellation proceedings and perform all acts necessary to preserve and maintain all rights in the Collateral, unless as to any Patent, Trademark or Copyright, in the reasonable judgment of the Grantor, such Patent, Trademark or Copyright has become immaterial or obsolete to such business of the Grantor. Any expenses incurred in connection with such actions shall be borne by the Grantor.

(f) The Grantor shall not abandon any right to file any patent application, trademark application, service mark application, copyright application, Patent, Trademark or Copyright that, in the Grantor's reasonable judgment, is beneficial to the business of Grantor in the ordinary course, without the prior written consent of the Agent.

Section 7. **Supplements; Further Assurances.** The Grantor (i) agrees it will join with the Agent in executing and, at its own reasonable expense, file and refile, or permit the Agent to file and refile, such financing statements, continuation statements and other instruments and documents (including without limitation this Agreement) in such offices (including without limitation the United States Patent and Trademark Office and the United States Copyright Office) as the Agent may reasonably deem necessary or appropriate in order to perfect and preserve the rights and interests granted to the Agent hereunder and (ii) hereby authorizes the Agent to file and refile such instruments and documents and any other instruments or documents related thereto without the signature of the Grantor where permitted by law and (iii) agrees to do such further acts and things, and to execute and deliver to the Agent such additional instruments and documents, as the Agent may reasonably require to carry into effect the purposes of this Agreement. Any reasonable out-of-pocket costs of the foregoing incurred by the Agent shall be payable by the Grantor upon written demand, together with interest thereon from the date of incurrence until so paid, and shall constitute additional Secured Obligations.

Section 8. **The Agent May Perform.** If the Grantor fails to perform any agreement contained herein after receipt of a written request to do so from the Agent, the Agent may itself (upon ten (10) days' prior written notice to the Grantor unless the Agent in good faith determines that immediate payment or performance is reasonably necessary to protect or preserve the Collateral), but shall not be obligated to, perform, or cause performance of, such agreement, and the reasonable out-of-pocket expenses of the Agent, including the reasonable out-of-pocket fees and expenses of its counsel, so incurred in connection therewith shall be payable by the Grantor.

Section 9. **Remedies.** Upon the occurrence and during the continuation of any Event of Default, the Agent shall have, in addition to all other rights provided herein, in the Security Documents, in the Loan Agreement or by law, the rights and remedies of a secured party under the Uniform Commercial Code, and further the Agent may, without demand and without advertisement, notice (except as required by law, the Loan Agreement or this Agreement), hearing or process of law, all of which the Grantor hereby waives, at any time or times, sell and deliver any or all of the Collateral at public or private sale, for cash, upon credit or otherwise, at such prices and upon such terms as the Agent deems advisable, in its sole discretion. At any public sale, or, to the extent permitted by applicable law, at any private sale, made pursuant to this Section 9, the Agent may bid for or purchase, free from any right of redemption, stay or appraisal and all rights of marshalling, the Collateral and any other security for the Secured Obligations or otherwise on the part of the Grantor (all said rights being also hereby waived and released by the Grantor to the fullest extent permitted by law), and may make payment on account thereof by using any claim then due and payable to the Agent from the Grantor as a credit against the purchase price, and the Agent may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Grantor therefor. In addition to all other sums due the Agent hereunder, the Grantor shall pay the Agent all reasonable out-of-pocket costs and expenses incurred by the Agent, including reasonable out-of-pocket attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of the Collateral or the Secured Obligations or in the prosecution or defense of any action or proceeding by or against the Agent or the Grantor concerning any matter arising out of or connected with this Agreement or the Collateral or the Secured Obligations.

Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, the Agent may to the full extent permitted by applicable law, with ten (10) days' prior written notice to the Grantor, and without advertisement, hearing or process of law of any kind, all of which the Grantor hereby waives, (i) exercise any and all rights as beneficial and legal owner of the Collateral, including without limitation any and all consensual rights and powers with respect to the Collateral and (ii) sell or assign or grant a license to use, or cause to be sold or assigned or a license granted to use, any or all of the Collateral or any part hereof, in each case free of all rights and claims of the Grantor therein and thereto, but subject to any existing licenses in the Collateral. In that connection, the Agent shall have the right to cause any or all of the Collateral to be transferred of record into the name of the Agent or its nominee as well as the right to impose (i) such limitations and restrictions on the sale or assignment of the Collateral as the Agent may deem to be reasonably necessary or appropriate to comply with any law, rule or regulation, whether federal, state or local, having applicability to the sale or assignment and (ii) requirements for any necessary governmental approvals.

Failure by the Agent to exercise any right, remedy or option under this Agreement or any other agreement between the Grantor and the Agent or provided by law, or delay by the Agent in exercising the same, shall not operate as a waiver; no waiver shall be effective unless it is in writing, signed by the party against whom such waiver is sought to be enforced and then only to the extent specifically stated. Neither the Agent nor any party

acting as attorney for the Agent shall be liable hereunder for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The rights and remedies of the Agent under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Agent may have.

The Agent shall have and be entitled to exercise all rights, remedies and powers hereunder, together with such powers as are reasonably incidental thereto, on behalf of the Purchasers under the Loan Agreement, as the Agent may elect from time to time.

Section 10. **Power of Attorney.** The Grantor hereby irrevocably appoints the Agent, its nominee, or any other person whom the Agent may designate as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, the Agent or otherwise, upon the occurrence and during the continuation of any Event of Default, or if the Grantor fails to perform any agreement contained herein within ten (10) days after the Agent's written request, then to the extent necessary to enable the Agent to perform such agreement itself, from time to time in the Agent's discretion, to take any action and to execute any instrument which the Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement, including without limitation to record an assignment of the Trademarks and Trademark Licenses, if any, to the Agent with the United States Patent and Trademark Office, to prosecute diligently any Patent, Trademark or Copyright or any application for Patents, Trademarks or Copyrights pending as of the date of this Agreement or thereafter until the Secured Obligations shall have been paid in full, to make application on unpatented but patentable inventions and registrable but unregistered Trademarks or Copyrights, to file and prosecute opposition and cancellation proceedings, to do all other acts reasonably necessary or desirable to preserve all rights in Collateral and otherwise to file any claims or take any action or institute any proceedings which the Agent may deem reasonably necessary or desirable to accomplish the purpose of this Agreement. The Grantor hereby ratifies and approves all acts of any such attorney and agree that neither the Agent nor any such attorneys will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct. The foregoing power of attorney, being coupled with an interest, is irrevocable until the Secured Obligations have been fully paid and satisfied.

Section 11. **Application of Proceeds.** The proceeds of any sale of Collateral pursuant to this Agreement or otherwise, and any Collateral consisting of cash, shall be applied after receipt by the Agent as follows:

First, to the payment of all reasonable out-of-pocket costs, fees and expenses of the Agent and its agents, representatives and attorneys incurred pursuant to the Loan Agreement and hereunder in connection with such sale or with the retaking, holding, handling, preparing for sale (or other disposition) of the Collateral or otherwise in connection with any Notes, this Agreement or any of the Secured Obligations, including, but not limited to, the reasonable out-of-pocket fees and expenses of the Agent's agents and attorneys and court

costs (whether at trial, appellate or administrative levels), if any, incurred pursuant to the Loan Agreement and hereunder by the Agent in so doing;

Second, to the payment of the outstanding principal balance, accrued interest and fees on the Secured Obligations in such order as the Agent may reasonably determine; and

Third, to the Grantor or to such other Person as a court of competent jurisdiction in any proceeding may direct.

Section 12. **Miscellaneous.**

(a) The Grantor hereby indemnifies the Agent for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, reasonable out-of-pocket costs, reasonable out-of-pocket expenses or disbursements (including reasonable attorneys' fees) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Agent, in any way relating to or arising out of, directly or indirectly, (i) the manufacture, use or sale or other disposition of products or processes utilizing or embodying any Collateral or (ii) any transactions contemplated hereby or any enforcement of the terms hereof, including, but not limited to, any action of, or failure to act by, the Agent in connection with this Agreement; provided, however, that the Grantor shall not be liable for any of the foregoing to the extent they arise from the gross negligence, willful misconduct or fraudulent acts of the Agent. The indemnities set forth in this Section 12(a) shall be subject to the same exclusions as are set forth in clause (ii) of the first parenthetical set forth in Section 10.13 of the Loan Agreement.

(b) All communications hereunder shall be in writing and shall be given to the relevant party, and shall be deemed to have been made when given to the relevant party, in accordance with the Loan Agreement.

(c) In the event that any provision hereof shall be deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by any court, this Agreement shall be construed as not containing such provision, but only as to such jurisdictions where such law or interpretation is operative, and the invalidity of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(D) PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, 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 NEW YORK. THE HEADINGS IN THIS INSTRUMENT ARE FOR CONVENIENCE OF REFERENCE ONLY AND SHALL NOT LIMIT OR OTHERWISE AFFECT THE MEANING OF ANY PROVISION HEREOF.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument. Facsimile signatures on this Agreement shall be considered as original signatures.

(f) EACH OF THE PARTIES HERETO HEREBY, TO THE FULLEST EXTENT PERMITTED BY LAW, WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE LOAN AGREEMENT OR ANY OF THE OTHER SECURITY DOCUMENTS.


(g) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Agent that are contained in this Agreement shall bind and inure to the benefit of its respective permitted successors and assigns. The Grantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Agent.

[signatures on following pages]

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed as of the date first above written.

GRANTOR:


QUARTERMASTER, INCORPORATED,
a Delaware corporation

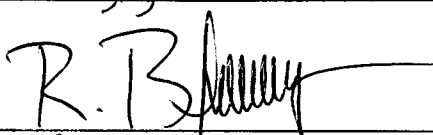
By: 
Name: Jared L. Johnson
Title: Vice President and Assistant Secretary

Accepted and agreed to by the Agent as of the date first above written.

AGENT:

PATRIOT CAPITAL FUNDING, INC.,
a Delaware corporation, as Agent

By 
Name Matthew Colucci
Its Managing Director

By 
Name Richard Budanavase
Its President and Chief Executive Officer

SCHEDULE A-1
TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

Patent Numbers
And Pending Patent Application Numbers

None.

SCHEDULE A-2
TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

Patent Licenses

None.

SCHEDULE B-1

TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

**Registered Trademarks
And Trademark Applications**

**Registered
Trademarks**

**Registration
Reg. No.**

Date Granted

LAWPRO

2480445

8/21/01

**Pending Trademark
Applications**

Application Serial No.

Filing Date

None.

SCHEDULE B-2
TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

Trademark Licenses

None.

SCHEDULE C-1
TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

Registered Copyrights and Copyright Applications

None.

SCHEDULE C-2
TO INTELLECTUAL PROPERTY SECURITY AGREEMENT

Copyright Licenses

None.

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT "DELAWARE QUARTERMASTER, INCORPORATED" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE NOT HAVING BEEN CANCELLED OR DISSOLVED SO FAR AS THE RECORDS OF THIS OFFICE SHOW AND IS DULY AUTHORIZED TO TRANSACT BUSINESS.

THE FOLLOWING DOCUMENTS HAVE BEEN FILED:

CERTIFICATE OF INCORPORATION, FILED THE TWELFTH DAY OF DECEMBER, A.D. 2005, AT 11:33 O'CLOCK A.M.

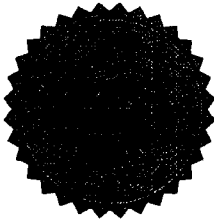
CERTIFICATE OF OWNERSHIP, FILED THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 12:19 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 1 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID CORPORATION.

4071675 8310

051024545



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 4375519

DATE: 12-15-05

TRADEMARK
REEL: 003213 FRAME: 0888

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

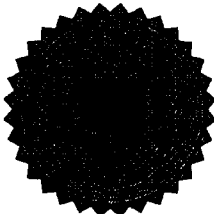
"QUARTERMASTER, INCORPORATED", A CALIFORNIA CORPORATION, WITH AND INTO "DELAWARE QUARTERMASTER, INCORPORATED" UNDER THE NAME OF "DELAWARE QUARTERMASTER, INCORPORATED", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 12:19 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 1 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

4071675 8100M

051024545



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 4375518

DATE: 12-15-05

TRADEMARK
REEL: 003213 FRAME: 0889

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:34 PM 12/15/2005
FILED 12:19 PM 12/15/2005
SRV 051024545 - 4071675 FILE

CERTIFICATE OF OWNERSHIP AND MERGER

OF

QUARTERMASTER, INCORPORATED

INTO

DELAWARE QUARTERMASTER, INCORPORATED

(Pursuant to Section 253 of the
General Corporation Law of the State of Delaware and Section 1108 of the Corporations Code of
the State of California)

Quartermaster, Incorporated, a corporation organized and existing under the laws of the
State of California ("Parent"), does hereby certify that:

FIRST: Parent is incorporated pursuant to the Corporations Code of the State of
California ("CCC").

SECOND: Parent owns all of the outstanding shares of the common stock, par value
\$0.0001 per share, of Delaware Quartermaster, Incorporated, a corporation organized and
existing under the laws of the State of Delaware ("Subsidiary").

THIRD: Section 1108 of the CCC permits Parent to merge with and into Subsidiary.

FOURTH: The board of directors of Parent, by unanimous written consent dated
December 13, 2005, determined to merge Parent with and into Subsidiary (the "Merger"), and
did adopt the following resolutions:

RESOLVED, that Parent, which owns all of the outstanding capital stock
of Subsidiary, shall be merged with and into Subsidiary pursuant to Section 253
of the General Corporation Law of the State of Delaware (the "DGCL"), with
Subsidiary being the surviving corporation in the Merger (the "Surviving
Corporation"); and further

RESOLVED, that the Merger shall be effective at 1:00 p.m. Eastern
Standard Time on December 15, 2005 (the "Effective Time"); and further

RESOLVED, that at the Effective Time, by virtue of the Merger:

(a) each share of Parent's common stock issued and
outstanding immediately prior to the Effective Time shall be surrendered
to Subsidiary and subsequently cancelled;

(b) 15,215,000 shares of Subsidiary's common stock, par value
\$0.0001 per share, shall be issued on a pro rata basis to each shareholder
of Parent; and

(c) Parent shall surrender its shares in Subsidiary, which shares shall subsequently be cancelled; and further

RESOLVED, that the certificate of incorporation of the Surviving Corporation (the "Certificate of Incorporation") to be in effect from and after the Effective Time until amended in accordance with its terms and the DGCL will be the certificate of incorporation of Subsidiary in effect immediately prior to the Effective Time, except that the Certificate of Incorporation shall be amended to reflect a change in the corporate name of the Surviving Corporation to Quartermaster, Incorporated at the Effective Time; and further

RESOLVED, that the bylaws of the Surviving Corporation (the "Bylaws") to be in effect from and after the Effective Time until amended in accordance with their terms, the Certificate of Incorporation and the DGCL will be the bylaws of Subsidiary in effect immediately prior to the Effective Time; and further

RESOLVED, that the members of the board of directors of the Surviving Corporation from and after the Effective Time will be the members of the board of directors of Parent holding office immediately prior to the Effective Time, with each such person to serve as a director of the Surviving Corporation for the remainder of the term for which such person was elected to the board of directors of Parent and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal in accordance with the Certificate of Incorporation, the Bylaws and the DGCL; and further

RESOLVED, that the officers of the Surviving Corporation from and after the Effective Time will be the officers of Parent holding office immediately prior to the Effective Time, with each such person to serve in the office or offices held with Parent until his or her successor or successors are duly elected and qualified or until his or her earlier death, resignation or removal in accordance with the Certificate of Incorporation, the Bylaws and the DGCL; and further

RESOLVED, that the Surviving Corporation shall cause to be executed and filed and/or recorded the documents prescribed by the laws of the State of Delaware, by the laws of the State of California and by the laws of any other appropriate jurisdiction and cause to be performed all necessary acts within the jurisdiction of organization of Subsidiary and of Parent and in any other appropriate jurisdiction.


FIFTH: The Merger has been adopted, approved, certified, executed and acknowledged by Parent in accordance with the CCC.

SIXTH: Notwithstanding the previous approval and adoption of the Merger by the stockholders or board of directors of the constituent companies, the Merger may be amended, abandoned or terminated in accordance with Section 253(c) of the DGCL.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Certificate of Ownership and Merger has been executed on behalf of Quartermaster, Incorporated by a duly authorized person on December 15, 2005.

QUARTERMASTER, INCORPORATED

By: 
Name: James R. Di Rosa
Title: President

DLI-5964770

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "DELAWARE QUARTERMASTER, INCORPORATED" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF INCORPORATION, FILED THE TWELFTH DAY OF DECEMBER, A.D. 2005, AT 11:33 O'CLOCK A.M.

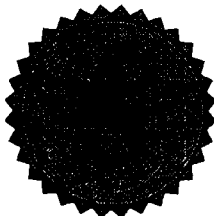
CERTIFICATE OF OWNERSHIP, FILED THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 12:19 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FIFTEENTH DAY OF DECEMBER, A.D. 2005, AT 1 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID CORPORATION.

4071675 8100H

051025176



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 4375682

DATE: 12-15-05

TRADEMARK
REEL: 003213 FRAME: 0893

CERTIFICATE OF INCORPORATION

OF

DELAWARE QUARTERMASTER, INCORPORATED

I, the undersigned, for the purpose of incorporating and organizing a corporation under the laws of the State of Delaware (the "*Delaware General Corporation Law*"), do hereby certify as follows:

ARTICLE I

The name of the corporation is Delaware Quartermaster, Incorporated (the "*Corporation*").

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, County of New Castle, Wilmington, Delaware 19801, and the name of the registered agent at that address is The Corporation Trust Company.

ARTICLE III

The duration of the Corporation is perpetual.

ARTICLE IV

The purpose for which the Corporation is organized is to conduct any lawful business and to promote any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE V

The Corporation is authorized to issue up to 20,000,000 shares of common stock, par value \$0.0001 per share (the "*Common Stock*").

ARTICLE VI

The number of directors which shall constitute the whole board of directors shall initially be one and shall thereafter be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE VII

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Corporation is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of the Corporation.

ARTICLE VIII

Election of directors at an annual or special meeting of stockholders need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE IX

A director shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that the elimination or limitation of liability is not permitted under the Delaware General Corporation Law as in effect when such liability is determined. No amendment or repeal of this provision shall deprive a director of the benefits of this Article IX with respect to any act or omission occurring prior to such amendment or repeal.

ARTICLE X

The Corporation shall, to the fullest extent permitted by the Delaware General Corporation Law, as it may be amended and supplemented from time to time, indemnify, and advance expenses to, any and all persons serving as members of the board of directors of the Corporation whom it shall have the power to indemnify under such law against any expenses, liabilities or other matters referred to in or covered by the Delaware General Corporation Law. The Corporation may indemnify, and advance expenses to, any officer, employee or agent of the Corporation or any other person the Delaware General Corporation Law permits the Corporation to indemnify. The indemnification and advancement of expenses provided for in this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XI

(a) Notwithstanding anything in this Certificate to the contrary, all obligations of the Corporation to make any payments on or with respect to any shares of Common Stock, whether as to payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation, shall rank junior and be subordinated in right and time of payment to all obligations of the Corporation with respect to Financing Debt, and no obligation to make such payments on or with respect to the shares of Common Stock shall be deemed to arise until such time as the Financing Debt has been paid in full in cash and the Financing Agreements and the lending commitments thereunder have terminated, except if such payments are permitted by the express terms of the Financing Agreements. If any holder of Common Stock receives any payment of the type described in the preceding sentence at a time when, due to the provisions of this Article XI, the Corporation has no obligation to make such payment, such holder shall immediately return such payment to the Corporation. Prior to the payment or satisfaction of all obligations of the Corporation under the Financing Agreement, the provisions of this Article XI cannot be amended without the prior written consent of the Agent. No holder

of Common Stock may exercise any remedies (other than rights available to such holder as a holder of Common Stock that do not give rise to an obligation of the Corporation to pay cash to such holder) in respect of the failure of the Corporation to make any payments due to such holder of this Certificate as a payment of dividends or as a distribution of assets upon liquidation, dissolution or winding up of the Corporation until the Financing Debt has been paid in full in cash and the Financing Agreements and the lending commitments thereunder have been terminated.

(b) For purposes of this Article XI:

(i) "**Financing Debt**" shall mean all principal, interest, fees, costs, enforcement expenses (including legal fees and disbursements), collateral protection expenses and other reimbursement or indemnity obligations created or evidenced by the express terms of the Financing Agreements or any notes, instruments or agreements evidencing the Financing Debt created under the Financing Agreements; and

(ii) "**Financing Agreements**" shall mean (x) the Senior Secured Loan Agreement, dated on or about December 16, 2005, among this Corporation, the purchasers party thereto and Patriot Capital Funding, Inc., as agent (the "**Agent**") for the purchasers party thereto (the "**Senior Loan Agreement**"), as such agreement may be amended, modified or restated (in accordance with its terms) and in effect from time to time, (y) each instrument or agreement evidencing indebtedness or obligations under the Senior Loan Agreement, as may be amended, modified or restated, (in accordance with its terms) from time to time in whole or in part, and (z) each instrument or agreement now or hereafter evidencing, governing, guarantying or securing any obligations or indebtedness under the Senior Loan Agreement, as modified, amended or restated (in accordance with its terms) from time to time in whole or in part.

ARTICLE XII

Meetings of stockholders may be held within or without the State of Delaware or by means of remote communication, as the Bylaws may provide. The books of the Corporation may be kept outside of the State of Delaware at such place or places as may be designated from time to time by the board of directors of the Corporation or in the Bylaws of the Corporation.

ARTICLE XIII

No stockholders shall be entitled to cumulative voting of their shares.

ARTICLE XIV

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate, in the manner now or hereafter prescribed by statute, and all rights conferred in this Certificate on the stockholders of the Corporation are granted subject to this reservation.

ARTICLE XV

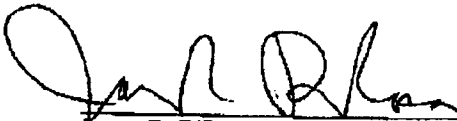
The name and mailing address of the incorporator is James R. DiRosa, 17600 Fabrica Way, Cerritos, California 90703.

ARTICLE XVI

The name and mailing address of the person who is to serve as the sole director of the Corporation until the first annual meeting of stockholders or until his successors are elected and qualified is James R. DiRosa, 17600 Fabrica Way, Cerritos, California 90703.

[Signature Page Follows]

IN WITNESS WHEREOF, I, the undersigned, being the incorporator hereinabove named, do hereby execute this Certificate this 9th day of December 2005.


James R. DiRosa
Incorporator

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:34 PM 12/15/2005
FILED 12:19 PM 12/15/2005
SRV 051024545 - 4071675 FILE

CERTIFICATE OF OWNERSHIP AND MERGER
OF
QUARTERMASTER, INCORPORATED
INTO
DELAWARE QUARTERMASTER, INCORPORATED

(Pursuant to Section 253 of the
General Corporation Law of the State of Delaware and Section 1108 of the Corporations Code of
the State of California)

Quartermaster, Incorporated, a corporation organized and existing under the laws of the
State of California ("Parent"), does hereby certify that:

FIRST: Parent is incorporated pursuant to the Corporations Code of the State of
California ("CCC").

SECOND: Parent owns all of the outstanding shares of the common stock, par value
\$0.0001 per share, of Delaware Quartermaster, Incorporated, a corporation organized and
existing under the laws of the State of Delaware ("Subsidiary").

THIRD: Section 1108 of the CCC permits Parent to merge with and into Subsidiary.

FOURTH: The board of directors of Parent, by unanimous written consent dated
December 13, 2005, determined to merge Parent with and into Subsidiary (the "Merger"), and
did adopt the following resolutions:

RESOLVED, that Parent, which owns all of the outstanding capital stock
of Subsidiary, shall be merged with and into Subsidiary pursuant to Section 253
of the General Corporation Law of the State of Delaware (the "DGCL"), with
Subsidiary being the surviving corporation in the Merger (the "Surviving
Corporation"); and further

RESOLVED, that the Merger shall be effective at 1:00 p.m. Eastern
Standard Time on December 15, 2005 (the "Effective Time"); and further

RESOLVED, that at the Effective Time, by virtue of the Merger:

(a) each share of Parent's common stock issued and
outstanding immediately prior to the Effective Time shall be surrendered
to Subsidiary and subsequently cancelled;

(b) 15,215,000 shares of Subsidiary's common stock, par value
\$0.0001 per share, shall be issued on a pro rata basis to each shareholder
of Parent; and

(c) Parent shall surrender its shares in Subsidiary, which shares shall subsequently be cancelled; and further

RESOLVED, that the certificate of incorporation of the Surviving Corporation (the "Certificate of Incorporation") to be in effect from and after the Effective Time until amended in accordance with its terms and the DGCL will be the certificate of incorporation of Subsidiary in effect immediately prior to the Effective Time, except that the Certificate of Incorporation shall be amended to reflect a change in the corporate name of the Surviving Corporation to Quartermaster, Incorporated at the Effective Time; and further

RESOLVED, that the bylaws of the Surviving Corporation (the "Bylaws") to be in effect from and after the Effective Time until amended in accordance with their terms, the Certificate of Incorporation and the DGCL will be the bylaws of Subsidiary in effect immediately prior to the Effective Time; and further

RESOLVED, that the members of the board of directors of the Surviving Corporation from and after the Effective Time will be the members of the board of directors of Parent holding office immediately prior to the Effective Time, with each such person to serve as a director of the Surviving Corporation for the remainder of the term for which such person was elected to the board of directors of Parent and until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal in accordance with the Certificate of Incorporation, the Bylaws and the DGCL; and further

RESOLVED, that the officers of the Surviving Corporation from and after the Effective Time will be the officers of Parent holding office immediately prior to the Effective Time, with each such person to serve in the office or offices held with Parent until his or her successor or successors are duly elected and qualified or until his or her earlier death, resignation or removal in accordance with the Certificate of Incorporation, the Bylaws and the DGCL; and further

RESOLVED, that the Surviving Corporation shall cause to be executed and filed and/or recorded the documents prescribed by the laws of the State of Delaware, by the laws of the State of California and by the laws of any other appropriate jurisdiction and cause to be performed all necessary acts within the jurisdiction of organization of Subsidiary and of Parent and in any other appropriate jurisdiction.

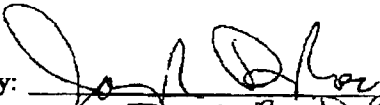
FIFTH: The Merger has been adopted, approved, certified, executed and acknowledged by Parent in accordance with the CCC.

SIXTH: Notwithstanding the previous approval and adoption of the Merger by the stockholders or board of directors of the constituent companies, the Merger may be amended, abandoned or terminated in accordance with Section 253(c) of the DGCL.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Certificate of Ownership and Merger has been executed on behalf of Quartermaster, Incorporated by a duly authorized person on December 15, 2005.

QUARTERMASTER, INCORPORATED

By: 
Name: James R. Di Rosa
Title: President

DLI-5964770