

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Nevada Bob's Holdings, LLC		12/19/2005	LIMITED LIABILITY COMPANY: DELAWARE

**RECEIVING PARTY DATA**

<b>Name:</b>	NB Trademarks, Inc.
<b>Street Address:</b>	335 8th Avenue S.W.
<b>Internal Address:</b>	Suite 2000
<b>City:</b>	Calgary
<b>State/Country:</b>	CANADA
<b>Postal Code:</b>	T2P 1C9
<b>Entity Type:</b>	CORPORATION: DELAWARE

<b>Name:</b>	Nevada Bob's Franchising, Inc.
<b>Street Address:</b>	335 8th Avenue S.W.
<b>Internal Address:</b>	Suite 2000
<b>City:</b>	Calgary
<b>State/Country:</b>	CANADA
<b>Postal Code:</b>	T2P 1C9
<b>Entity Type:</b>	CORPORATION: DELAWARE

**PROPERTY NUMBERS Total: 17**

Property Type	Number	Word Mark
Registration Number:	2168868	NEVADA BOB #1
Registration Number:	2235815	NEVADA BOB #1
Registration Number:	1470196	NEVADA BOB
Registration Number:	1961957	NEVADA BOB
Registration Number:	1477182	NEVADA BOB'S
Registration Number:	1688162	NEVADA BOB'S

CH \$440.00 2168868

Registration Number:	2233921	NEVADA BOB'S
Serial Number:	75941062	NEVADA BOB'S GOLF
Registration Number:	2805194	NEVADA BOB'S GOLF
Serial Number:	76628170	NEVADA BOB'S GOLF
Serial Number:	73571047	NEVADA BOB'S
Serial Number:	76141989	NEVADA BOB'S
Serial Number:	75941650	YOUR GAME. YOUR STORE.
Registration Number:	2943341	DOUBLE EAGLE
Registration Number:	2806857	YOUR GAME. YOUR STORE.
Registration Number:	1462974	PRIMA
Registration Number:	2046177	PRIMA

**CORRESPONDENCE DATA**

Fax Number: (312)360-6496  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
Phone: 312-360-6416  
Email: dvannatta@freebornpeters.com  
Correspondent Name: Deanne M. Van Natta  
Address Line 1: 311 S. Wacker Drive  
Address Line 2: Suite 3000  
Address Line 4: Chicago, ILLINOIS 60606

ATTORNEY DOCKET NUMBER: 24882-0001

**DOMESTIC REPRESENTATIVE**

Name:  
Address Line 1:  
Address Line 2:  
Address Line 3:  
Address Line 4:

NAME OF SUBMITTER: Deanne M. Van Natta

Signature: /dmv/

Date: 02/22/2006

**Total Attachments: 23**

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**SECURITY AGREEMENT**  
(Nevada Bob's Holdings, LLC)

This SECURITY AGREEMENT as amended from time to time (this "Security Agreement") is made as of December 19, 2005 by NEVADA BOB'S HOLDINGS, LLC, a Delaware limited liability company (the "Grantor"), in favor of NB TRADEMARKS, INC., a Delaware corporation, and NEVADA BOB'S FRANCHISING, INC., a Delaware corporation (collectively, the "Secured Party").

**W I T N E S S E I H:**

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of July 31, 2005 by and among GOLFERS' WAREHOUSE, INC., a Connecticut corporation ("Golfer's Warehouse"), a Connecticut corporation, NEVADA BOB'S TRADEMARKS, LLC ("Trademarks LLC"), a Delaware limited liability company, Grantor and Secured Party (including as such agreement may be amended, supplemented, or modified, the "Purchase Agreement"), Secured Party has sold to Grantor and Trademarks LLC certain assets of the Secured Party in consideration for certain cash, the assumption of certain liabilities, and other obligations of the Grantor more particularly described therein; and

WHEREAS, as a condition precedent to the Closing of the transactions under the Purchase Agreement, the Grantor is required to execute and deliver this Security Agreement; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Secured Party to consummate transactions under the Purchase Agreement, the Grantor agrees, for the benefit of the Secured Party, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Terms. The following capitalized terms when used in this Security Agreement, including its preamble and recitals, shall have the following meanings:

Attorney Costs means, with respect to any Person, all actual and reasonable fees and charges of any external counsel to such Person, all reasonable disbursements of such counsel and all court costs and similar legal expenses.

Collateral is defined in **Section 2.1** hereof.

Collateral Account is defined in **Section 4.1.1(e)**.

Collateral Documents means, collectively, (a) this Security Agreement and all financing statements (or comparable documents now or hereafter filed in accordance with the Uniform Commercial Code or comparable law) against the Grantor as debtor in favor of the Secured Party as secured party; and (b) any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

Copyright Property means all copyrights, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world and all applications for registration thereof, all copyright and mask work licenses, and the right to sue for past, present and future infringements of any thereof, all rights corresponding thereto throughout the world, all extensions and renewals of any thereof and all proceeds of the foregoing, including, without limitation, licenses, royalties, income, payments, claims, damages and proceeds of suit.

Debt of any Person means, with respect to such Person or any partnership of which such Person is a general partner, without duplication, (a) all indebtedness for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, (b) all obligations as lessee under capital leases, (c) all

obligations to pay the deferred purchase price for property or services (excluding trade accounts payable in the ordinary course of business), (d) all indebtedness secured by a Lien on the property of such Person or such partnership, whether or not such indebtedness shall have been assumed by such Person or such partnership, (e) all obligations, contingent or otherwise, with respect to the face amount of all letters of credit (whether or not drawn) and banker's acceptances issued for the account of such Person or partnership, and (f) all guaranties or other contingent liabilities of such Person for the indebtedness or other liability of another Person.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Event of Default means any of the events described in Section 6.1.

Existing Store License Agreements is defined in the Purchase Agreement.

Franchise Agreements means franchise agreements entered into by Grantor and other Persons for the operation of Nevada Bob's Retail Stores in the Territory after the date hereof.

General Intangibles means all of the Grantor's intangible personal property, including things in action, causes of action and all other personal property of the Grantor of every kind and nature (other than goods, accounts, chattel paper, documents, instruments, investment property, rights to proceeds of written letters of credit and money), including, without limitation, corporate or other business records, inventions, designs, Intellectual Property, goodwill, registrations, licenses, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, security interests, rights in and claims under contracts related to the Collateral, security deposits or other security held by or granted to such Grantor to secure any payment from an Account Debtor, and any rights to reimbursement or indemnification.

Intellectual Property means, collectively, Copyright Property and Trademark Property.

Lien means, with respect to any Person, any interest granted by such Person in any real or personal property, asset or other right owned or being purchased or acquired by such Person which secures payment or performance of any obligation and shall include any mortgage, lien, encumbrance, charge or other security interest of any kind, whether arising by contract, as a matter of law, by judicial process or otherwise.

Loan Documents means this Security Agreement, the Purchase Agreement, the Collateral Documents, and any other agreements from time to time entered into by the Grantor in connection herewith.

Material Adverse Effect means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, or properties of the Grantor taken as a whole, (b) a material impairment of the ability of the Grantor to perform any of its obligations under any Loan Document or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Grantor of any Loan Document.

NB Intellectual Property is defined in the Purchase Agreement.

Nevada Bob's Retail Stores means retail stores featuring golf equipment, supplies, related clothing and accessories, operated in association with the NB Intellectual Property.

New Store License Agreements means trademark/service mark license agreements entered into by Grantor and other Persons for the operation of Nevada Bob's Retail Stores in the Territory after the date hereof.

Perfection Certificate is defined in **Section 3.1.10**.

Permitted Liens means, collectively, the Liens described in subsections 4.6(a) and 4.6(b).

Person means any natural person, corporation, partnership, trust, limited liability company, association, Governmental Authority, or any other entity, whether acting in an individual, fiduciary or other capacity.

Purchase Agreement is defined in the **first recital**.

Related Contract Rights means, collectively, all of the Grantor's rights and remedies under, and all moneys and claims for money due or to become due to the Grantor under all contracts comprising part of the Collateral and any and all amendments, supplements, extensions, and renewals thereof including, without limitation, all rights and claims of the Grantor now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with the foregoing contracts; (b) for any damages arising out of or for breach or default under or in connection with the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with the foregoing contracts; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges under the foregoing contracts.

Secured Liabilities is defined in **Section 2.2** hereof.

Territory is defined in the Purchase Agreement.

Trademark Property means the following property of the Grantor:

(a) all trademarks, trade names, company names, business names, trade styles, service marks, logos, other source of business identifiers, designs and General Intangibles of a like nature (collectively called a "Trademark"), all registrations and recordings thereof and all applications in connection therewith, including the trademarks and related registrations and applications set forth in **Schedule 1.1** hereto;

(b) all Trademark licenses;

(c) all reissues, extensions or renewals of any of the items described in **clauses (a)** and **(b)** above;

(d) all of the goodwill of the business connected with the use of, and symbolized by the items described in, **clauses (a)** and **(b)** above; and

(e) all proceeds of, and rights associated with, the foregoing, including any claim by the Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license.

UCC means the Uniform Commercial Code as in effect in the State of Delaware, and any successor statute, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the UCC shall be construed to also refer to any successor sections.

SECTION 1.2 Purchase Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Purchase Agreement.

SECTION 1.3 UCC Definitions. Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the UCC are used in this Security Agreement, including its preamble and recitals, with such meanings. Without limiting the generality of the foregoing, "Accounts," "Account Debtor," "Chattel Paper," "Commercial Tort Claims," "Deposit Account," "Documents," "Equipment," "Fixtures," "General Intangibles," "Goods," "Instruments," "Inventory," "Investment Property," "Letter of Credit Rights,"

and "Supporting Obligations" include, whether or not capitalized, the respective meanings provided for in the UCC.

SECTION 1.4 Other Interpretive Provisions. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The term "including" is not limiting and means "including without limitation." Unless otherwise expressly provided herein, (i) references to agreements (including this Security Agreement) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, supplements, and modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Documents, and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions amending, replacing, supplementing or interpreting such statute or regulation.

## ARTICLE II

### SECURITY INTEREST

SECTION 2.1 Grant of Security. As collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all of the Secured Liabilities and to induce Secured Party to enter into the Purchase Agreement, the Grantor hereby assigns and pledges to the Secured Party, and hereby grants to the Secured Party, a perfected first priority security interest in, all of the following of the Grantor, in all of its forms and wherever located, whether now or hereafter existing or acquired (the "Collateral"):

(a) the Existing Store License Agreements and Related Contract Rights, together with the Intellectual Property necessary for the Grantor to perform all of its obligations and exercise all of its rights and remedies thereunder;

(b) the Franchise Agreements and Related Contract Rights, together with the Intellectual Property necessary for the Grantor to perform all of its obligations and exercise all of its rights and remedies thereunder;

(c) the New Store License Agreements and Related Contract Rights, together with the Intellectual Property necessary for the Grantor to perform all of its obligations and exercise all of its rights and remedies thereunder;

(d) the NB Intellectual Property including the Trademarks and related registrations and applications set forth in **Schedule 1.1** hereto (including all claims against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license and for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license, and including all of the goodwill of the business connected therewith and symbolized thereby), together with all of the Intellectual Property related thereto;

(e) the domain name "nevadabobs.com," together with all of the Intellectual Property related thereto;

(f) all replacements, substitutions, additions or accessions to or for any of the foregoing;

(g) to the extent related to the property described in **clauses (a)** through **(f)** above, all books, correspondence, credit files, records, invoices and other papers and documents, including, without limitation, to the extent so related, all tapes, cards, computer runs, computer programs and other papers and documents in the possession or control of Grantor or any other Person from time to time acting for Grantor and, to the extent so related, all rights in, to and under all policies of insurance, including claims of rights to payments thereunder and proceeds therefrom; and

(h) all products, royalties, profits, returns, income, damages, awards and proceeds of and from any and all of the foregoing Collateral (including proceeds deposited from time to time in the Collateral Account and, to the extent not otherwise included, all payments under insurance (whether or not the Secured Party is the loss payee thereof), and any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral).

SECTION 2.2 Security for Liabilities. This Security Agreement secures the payment and performance of the Purchase Price, including the Assumed Liabilities, now or hereafter owing and the payment and performance of the Grantor's obligations now or hereafter owing by Grantor to Secured Party under the Purchase Agreement (including Sections 2.2, 2.3, 6.2, 6.7, 6.8, 10.2, 10.3, 12.13 and 12.14 thereof) and each other Loan Document, whether for principal, interest, costs, fees, expenses or otherwise, whether direct or indirect, absolute or contingent or now or hereinafter existing or due or to become due (the "Secured Liabilities").

SECTION 2.3 Continuing Security Interest. This Security Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until payment in full in cash of all Secured Liabilities, (b) be binding upon the Grantor, its successors, transferees and assigns, and (c) inure, together with the rights and remedies of the Secured Party hereunder, to the benefit of the Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing **clause (c)**, the Secured Party may assign or otherwise transfer (in whole or in part) the Secured Liabilities to any other Person, and such other Person shall thereupon become vested with all the rights and benefits in respect thereof granted to the Secured Party under any Loan Document (including this Security Agreement) or otherwise, subject, however, to any contrary provisions imposed by the Secured Party in such assignment or transfer. Upon the payment in full in cash of all Secured Liabilities, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, the Secured Party will, at the Grantor's sole expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination (including, without limitation, UCC termination statements or such other comparable termination statements as the Grantor shall reasonably request).

SECTION 2.4 Grantor Remains Liable. Anything herein to the contrary notwithstanding:

(a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed; and

(b) the Secured Party shall not have any obligation or liability under any such contracts or agreements included in the Collateral by reason of this Security Agreement, nor shall the Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES

SECTION 3.1 Representations and Warranties. The Grantor represents and warrants unto the Secured Party as set forth in this Article.

SECTION 3.1.1 Organization. The Grantor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. The Grantor has all requisite limited liability company power to own its property and conduct its business as now conducted and as presently contemplated.

SECTION 3.1.2 Authorization; No Conflict. The Grantor is duly authorized to execute and deliver each Loan Document to which it is a party. The execution, delivery and performance by the Grantor of this Security



Agreement and each Loan Document to which it is a party do not and will not (a) to the knowledge of the Managing Member of Grantor, require any consent or approval of any governmental agency or authority that has not been obtained or (b) conflict with or result in a breach or violation of (i) any provision of law, (ii) the certificate of formation or the operating agreement of the Grantor, (iii) any material agreement, indenture, instrument or other document binding upon the Grantor or any of their respective properties or assets or (iv) any court or administrative order or decree applicable to the Grantor, and do not and will not require, or result in, the creation or imposition of any Lien on any asset of the Grantor, other than in favor of the Secured Party.

SECTION 3.1.3 Validity and Binding Nature. This Security Agreement and each other Loan Document is the legal, valid and binding obligation of the Grantor, enforceable against the Grantor in accordance with their respective terms.

SECTION 3.1.4 Litigation and Contingent Liabilities. No litigation (including derivative actions), arbitration proceeding or governmental investigation or proceeding is pending or, to the Grantor's knowledge, threatened against the Grantor or its property which might reasonably be expected to have a Material Adverse Effect. Other than any liability incident to such litigation or proceedings, the Grantor has no contingent liabilities which has had, or might reasonably be expected to have, a Material Adverse Effect.

SECTION 3.1.5 No Materially Adverse Contracts, etc. The Grantor is not subject to any charter, limited liability company or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a Material Adverse Effect. The Grantor is not a party to any contract or agreement that has or is expected to have any Material Adverse Effect.

SECTION 3.1.6 Compliance. The Grantor is not in violation of any provision of its certificate of formation, operating agreement, or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or to the knowledge of the Managing Member of Grantor, any statute, license, rule or regulation applicable to it, or any decree, order or judgment, in any of the foregoing cases in a manner that could result in the imposition of substantial penalties or result in a Material Adverse Effect.

SECTION 3.1.7 Grantor's Legal Status as to Collateral and Perfection. The Grantor has previously delivered to the Secured Party a Perfection Certificate in the form of **Exhibit A** hereto (the "Perfection Certificate"). The Grantor represents and warrants to the Secured Party as follows: (a) the Grantor's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof, (b) the Grantor is an organization of the type, and is organized in the jurisdiction set forth in the Perfection Certificate, (c) the Perfection Certificate accurately sets forth the Grantor's organizational identification number or accurately states that the Grantor has none, (d) the Perfection Certificate accurately sets forth the Grantor's place of business or, if more than one, its chief executive office, as well as the Grantor's mailing address, if different, (e) all other information set forth on the Perfection Certificate pertaining to the Grantor is accurate and complete, and (f) that there has been no change in any information provided in the Perfection Certificate since the date on which it was executed by the Grantor.

SECTION 3.1.8 Validity, etc. This Security Agreement creates a valid perfected first priority security interest in the Collateral, securing the payment of the Secured Liabilities, and all UCC and other filings and other actions necessary or desirable to perfect and protect such security interest have been taken in accordance with the terms of this Security Agreement.

SECTION 3.1.9 Purchase of Collateral. The Grantor and Trademarks LLC have purchased certain assets from the Secured Party pursuant to the Purchase Agreement and, since the date of such purchase, have not sold, assigned, conveyed, encumbered or otherwise transferred any such assets to any Person.

## ARTICLE IV

### COVENANTS

SECTION 4.1 Certain Covenants. The Grantor covenants and agrees that, so long as any portion of the Secured Liabilities shall remain unpaid, the Grantor will, unless the Secured Party shall otherwise consent in writing, perform the obligations set forth in this Section.

SECTION 4.1.1 As to Collateral. The Grantor hereby agrees that it will do each of the following:

(a) The Grantor: (i) shall not, without providing at least 30 days' prior written notice to the Secured Party and complying with all actions required by **Section 4.1.3**, change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (ii) if the Grantor does not have an organizational identification number and later obtains one, shall forthwith notify the Secured Party of such organizational identification number, and (iii) shall not change its type of organization, jurisdiction of organization or other legal structure.

(b) If requested by Secured Party the Grantor shall promptly notify Secured Party of all material disputes and claims by any of its Account Debtors.

(c) At any time that an Event of Default occurs which is continuing, the Secured Party may require that all checks, drafts, cash and other remittances in payment or as proceeds of, or on account of any of the Collateral, including Accounts comprising part of the Collateral, be deposited in a special bank account designated by the Secured Party (the "Collateral Account") over which the Secured Party alone has power of withdrawal. If required by the Secured Party, Grantor will designate with each such deposit the particular Account or other item of Collateral as applicable, upon which the remittance was made. Said proceeds shall be deposited in precisely the form received except for endorsements necessary to permit collection of items, which endorsement Grantor agrees to make or cause to be made. If the Secured Party establishes a Collateral Account as permitted in this **subsection (c)**, pending deposit by Grantor, Grantor agrees that it will not commingle any checks, drafts, cash and other remittances in payment or as proceeds of, or on account of any of its Accounts or other Collateral with any of its other funds or property, but will hold them separate and apart therefrom and upon an express trust for the benefit of the Secured Party until delivery thereof is made to the Secured Party. The Secured Party will not give the notice referred to in the preceding sentence unless there shall have occurred and be continuing an Event of Default. No funds, other than Collateral and proceeds of Collateral, will be deposited in the Collateral Account.

(d) The Secured Party is authorized and empowered (which authorization and power, being coupled with an interest, is irrevocable until the indefeasible payment in full in cash, and performance in full, of all of the Secured Liabilities) at any time an Event of Default occurs which is continuing:

(1) To request confirmation from any Account Debtor or party obligated under or with respect to any Collateral of the amount shown by the Accounts or other Collateral to be payable, or any other matter stated therein;

(2) To endorse in Grantor's name and to collect any chattel paper, checks, notes, drafts, instruments or other items of payment which are tendered to or received by the Secured Party in payment of any Account or other obligation owing to Grantor;

(3) To notify, either in Secured Party's or Grantor's name, and/or to require Grantor to notify, any Account Debtor or other Person obligated under or in respect of any Collateral of the fact of the Secured Party's Lien thereon and of the collateral assignment thereof to Secured Party;

(4) To direct, either in Secured Party's or Grantor's name, and/or to require, any Account Debtor or other Person obligated under or in respect of any Collateral to make payment directly to Secured Party of any amounts due or to become due thereunder or with respect thereto; and

(5) To demand, collect, surrender, release or exchange all or any part of any Collateral or any amounts due thereunder or with respect thereto, or compromise or extend or renew for any period (whether or not longer than the initial period) any and all sums which are now or may hereafter become due or owing upon or with respect to any of the Collateral or enforce, by suit or otherwise, payment or performance of any of the Collateral in Grantor's or the Secured Party's name.

Under no circumstances shall the Secured Party be under any duty to act in regard to any of the foregoing matters. Attorney Costs and the reasonable out-of-pocket expenses relating to any of the foregoing matters, including the cost of any Collateral Account or other bank account or accounts that may be required hereunder, shall be borne solely by Grantor whether the same are incurred by the Secured Party or Grantor.

(e) The Secured Party shall have the right to apply any amount in the Collateral Account to the payment of any Secured Liabilities, which are due and payable, or to the payment of any Secured Liabilities (whether or not then due and payable) at any time that an Event of Default shall exist. The Secured Party may at any time, but shall not be obligated to, upon Grantor's request, transfer to the Grantor's general demand Deposit Account at the Secured Party or other financial institution any or all of the collected funds in the Collateral Account; provided, however, that any such transfer shall not be deemed to be a waiver or modification of any of the Secured Party's rights under this **Section 4.1.1**.

#### SECTION 4.1.2 Transfers and Other Liens.

(a) The Grantor shall not (except for Permitted Liens) directly or indirectly: (i) make, create, incur, assume or permit to exist any assignment, pledge, security interest or other lien or encumbrance of any nature in, to or against any part of the Collateral; (ii) assign, pledge or in any way transfer, restrict or encumber its right to receive any income or other distribution or proceeds from any part of the Collateral; or (iii) offer or agree to or cause or assist the inception or continuation of any of the foregoing.

(b) The Grantor shall not directly or indirectly: (i) sell, license, sublicense, transfer, exchange or otherwise dispose of all or any portion of the Collateral, or offer or agree to do so, other than to grant commercially reasonable nonexclusive licenses in the Intellectual Property to the Grantor's licensees and franchisees under the Existing Store License Agreements, the New Store License Agreements and the Franchise Agreements in the ordinary course of business.

(c) The Grantor shall not directly or indirectly effect, enter into or offer or agree to: (i) any sale, license, lease, assignment, conveyance, spin-off or other transfer or disposition of all or any material part of its business or assets and properties; or (ii) any merger, consolidation, dissolution, liquidation or winding up.

SECTION 4.1.3 Perfection and Further Assurances. The Grantor agrees that, from time to time at its own expense, the Grantor will promptly execute and deliver all further instruments, documents, and other writings and take all further action that may be necessary or desirable, or that the Secured Party may request, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. The Grantor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the

Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the UCC, or such other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Grantor is an organization, the type of organization and any organizational identification number issued to the Grantor. The Grantor agrees to furnish any such information to the Secured Party promptly upon the Secured Party's request. The Grantor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof. To further the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in the Collateral, and without limitation on the Grantor's other obligations in this Security Agreement, the Grantor shall, at its expense, take the following actions with respect to the Collateral:

(a) For each Deposit Account comprising part of the Collateral that the Grantor at any time opens or maintains, the Grantor shall, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) cause the depository bank to comply at any time with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such Deposit Account, without further consent of the Grantor, or (ii) arrange for the Secured Party to become the customer of the depository bank with respect to the Deposit Account, with the Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such Deposit Account. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from the Grantor, unless an Event of Default has occurred and is continuing, or would occur, if effect were given to any withdrawal not otherwise permitted by the Loan Documents. The provisions of this paragraph shall not apply to (A) any Deposit Account for which the Grantor, the depository bank and the Secured Party have entered into a cash collateral agreement specially negotiated among the Grantor, the depository bank and the Secured Party for the specific purpose set forth therein and (B) Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Grantor's salaried employees; and

(b) The Grantor further agrees, at the request and option of the Secured Party, to take any and all other actions the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral, including, without limitation, (i) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Grantor's signature thereon is required therefor, (ii) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (iii) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, and (iv) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

SECTION 4.2 Reports, Certificates and Other Information. Furnish to the Secured Party:

SECTION 4.2.1 Notice of Default or Litigation. Promptly upon becoming aware of any of the following, written notice describing the same and the steps being taken by the Grantor affected thereby with respect thereto:

(a) the occurrence of an Event of Default;

(b) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Grantor to the Secured Party which has been instituted or, to the knowledge of the Grantor, is threatened against the Grantor with respect to the Collateral or to which any of the Collateral is subject which might reasonably be expected to have a Material Adverse Effect; or

(c) any other event peculiar to the industry of the Grantor which might reasonably be expected to have a Material Adverse Effect.

SECTION 4.2.2 Other Information. Promptly from time to time, such other information concerning the Collateral as the Secured Party may reasonably request.

SECTION 4.3 Books, Records, and Inspections. The Grantor shall keep its books and records in accordance with sound business practices; permit, at any reasonable time and with reasonable notice (or at any time without notice if an Event of Default exists), the Secured Party or any representative thereof to visit any or all of its offices, to discuss matters relating to the Collateral with its officers and its independent auditors (and the Grantor hereby authorizes such independent auditors to discuss such financial matters with the Secured Party or any representative thereof), conduct field examinations with respect to the Collateral and to examine (and, at the expense of the Grantor, photocopy extracts from) any of its books or other records relating to the Collateral.

SECTION 4.4 Compliance with Laws; Payment of Taxes and Liabilities. The Grantor shall (a) comply, in all material respects with all applicable laws, rules, regulations, decrees, orders, judgments, licenses and permits; and (b) pay, prior to delinquency, all taxes and other governmental charges against it or any of its property, as well as claims of any kind which, if unpaid, might become a Lien on any of its property; provided that the foregoing shall not require the Grantor to pay any such tax, charge or claim so long as it shall contest the validity thereof in good faith by appropriate proceedings.

SECTION 4.5 Maintenance of Existence, etc. The Grantor shall maintain and preserve, (a) its existence and good standing in the jurisdiction of its organization and (b) its qualification to do business and good standing in each jurisdiction where the nature of its business makes such qualification necessary (except in those instances in which the failure to be qualified or in good standing does not have a Material Adverse Effect).

SECTION 4.6 Liens. The Grantor shall not create or permit to exist any Lien on any of the Collateral, except:

(a) Liens granted under this Security Agreement and the other Loan Documents; and

(b) Liens arising in the ordinary course of business such as Liens incurred in connection with workers' compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA) or in connection with surety bonds, bids, performance bonds and similar obligations, or for sums not overdue or being contested in good faith by appropriate proceedings and not involving any deposits or advances or borrowed money or the deferred purchase price of property or services.

## ARTICLE V

### THE SECURED PARTY

SECTION 5.1 Secured Party Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Secured Party the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in Secured Party's discretion at any time an Event of Default occurs which is continuing, to take any action and to execute any instrument which the Secured Party may deem necessary or advisable to accomplish the purposes of this Security Agreement, including, without limitation:

(a) To ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) To receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with **clause (a)** above;

(c) To file any claims or take any action or institute any proceedings which the Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral; and

(d) To perform the affirmative obligations of the Grantor hereunder which Grantor has failed to perform.

The Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section, being coupled with an interest, is irrevocable.

SECTION 5.2 Secured Party May Perform. If the Grantor fails to perform any agreement contained herein, the Secured Party may itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall be payable by the Grantor in accordance with Section 6.7.

SECTION 5.3 Secured Party Has No Duty. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting of moneys actually received by it hereunder, the Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 5.4 Nonliability of Secured Party. The relationship between the Grantor on the one hand and the Secured Party on the other hand shall be solely that of borrower and lender. The Secured Party shall not have any fiduciary responsibility to the Grantor. The Secured Party undertakes no responsibility to the Grantor to review or inform it of any matter in connection with any phase of its business or operations. The Grantor agrees the Secured Party shall not have liability to the Grantor (whether sounding in tort, contract or otherwise) for losses suffered by the Grantor in connection with, arising out of, or in any way related to the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the Secured Party is sought. The Secured Party shall not have any liability with respect to, and the Grantor hereby waives, releases and agrees not to sue for, any special, indirect or consequential damages suffered by the Secured Party in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

## ARTICLE VI

### DEFAULT AND REMEDIES

SECTION 6.1 Events of Default. Each of the following shall constitute an Event of Default under this Security Agreement:

SECTION 6.1.1 Non-Payment. Default in the payment when due of the Secured Liabilities, including any of the Assumed Liabilities, under the Purchase Agreement, or under any other Loan Document.

SECTION 6.1.2 Insolvency, etc. The Grantor (a) becomes unable generally to pay its debts as they become due; or (b) applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for the Grantor or any property thereof; or (c) makes a general assignment for the benefit of creditors; or (d) a trustee, receiver or other custodian is appointed for the Grantor or for a substantial part of

the property of any thereof and if such appointment is not discharged within 60 days; or (e) any dissolution or liquidation proceeding, is commenced in respect of the Grantor and if such case or proceeding is not commenced by the Grantor, it is consented to or acquiesced in by the Grantor or remains for more than 60 days undismissed; or (f) the Grantor takes any action to authorize, or in furtherance of, any of the foregoing.

SECTION 6.1.3 Non-Compliance with Loan Documents. Failure by the Grantor to comply with or to perform any covenant set forth in this Security Agreement or any other Loan Document.

SECTION 6.1.4 Representation and Warranties. Any representation and warranty made by the Grantor herein or in any other Loan Document is false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Grantor to the Secured Party in connection herewith is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified or deemed to have been stated or certified.

SECTION 6.1.5 Injunctions. The Grantor shall be enjoined, restrained or in any way prevented by an order of any court or administrative or regulatory agency from using any material trademark, copyright or other intellectual property in a manner consistent with past practice if the effect of such order might reasonably be expected to have a Material Adverse Effect, unless the Grantor shall at the time in good faith be prosecuting an appeal or proceeding for review and in respect of which a stay of such order shall have been obtained pending such appeal or review.

SECTION 6.1.6 Forfeitures. The Grantor shall have been convicted for a state or federal crime, a punishment for which includes the forfeiture of any assets of the Grantor having a fair market value in excess of \$250,000 and such conviction shall not be subject to appeal.

SECTION 6.1.7 Cancellation, Invalidity of Loan Documents. The cancellation, termination, revocation or rescission of the Loan Documents otherwise than in accordance with the terms thereof or with the express prior written agreement, consent or approval of the Secured Party, or the commencement of any action at law or in equity or other legal proceeding by or on behalf of the Grantor or any of its stockholders, to cancel, revoke or rescind any of the Loan Documents or the determination by any court or any other governmental or regulatory authority or agency of competent jurisdiction that any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof.

#### SECTION 6.2 Effect of Event of Default.

(a) If any Event of Default described in Section 6.1.2 shall occur, the unpaid Purchase Price and all other amounts under the Purchase Agreement and all other obligations hereunder shall become immediately due and payable, all without presentment, demand, protest or notice of any kind.

(b) If any Event of Default (other than any Event of Default described in Section 6.1.2) shall occur and be continuing, the Secured Party may in its discretion declare the unpaid Purchase Price and all other amounts under the Purchase Agreement and all other obligations hereunder, and whereupon all such obligations shall become, immediately due and payable, all without presentment, demand, protest or notice of any kind; and the Secured Party shall promptly advise the Grantor of any such declaration, but failure to do so shall not impair the effect of such declaration.

#### SECTION 6.3 Certain Remedies. If any Event of Default shall have occurred and be continuing:

(a) The 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 under the UCC (whether or not the UCC applies to the affected Collateral) and also may (i) require the Grantor to, and the Grantor hereby agrees that it will, at its expense and upon request of the Secured Party forthwith, assemble all or part of the Collateral as directed by the Secured Party and make it available to the Secured Party at a place to be designated by the Secured Party which is

reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Secured Party may reasonably deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' prior notice to the Grantor 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. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The 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 the Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Party, be held by the Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Secured Party pursuant to this Security Agreement, the Purchase Agreement, or the other Loan Documents) in whole or in part by the Secured Party against all or any part of the Secured Liabilities in such order as the Secured Party shall elect. Any surplus of such cash or cash proceeds held by the Secured Party and remaining after payment in full in cash of all the Secured Liabilities shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

SECTION 6.4 Collateral in Secured Party's Possession, Waiver. At any time any Event of Default exists, any deposits or other sums at any time credited by or payable or due from the Secured Party to Grantor or any monies, cash, cash equivalents, securities, instruments, documents, or other assets of the Grantor in possession or control of the Secured Party or its bailee for any purpose may at any time be reduced to cash and applied by the Secured Party to or setoff by the Secured Party against any of the Secured Liabilities. The Grantor hereby expressly waives, and agrees that it will not exercise, any and all rights of setoff, recoupment, abatement or reduction respecting any payment due under this Security Agreement, the Purchase Agreement, or any other Loan Document that may now or hereafter be accorded to the Grantor under applicable law or otherwise. To the extent not required as a compulsory counterclaim, the Grantor (i) shall pursue separate exercise and enforcement of any right, power, privilege, remedy or interest retained (and not waived) by the Grantor under this Security Agreement, the other Loan Documents and applicable law, and (ii) shall not seek to exercise or enforce any such right, power, privilege, remedy or interest in any proceeding instituted by the Secured Party under or in respect of any Loan Document, whether through joinder, consolidation, setoff, recoupment, abatement, reduction, counterclaim, defense or otherwise. In any dispute with the Secured Party, the Grantor covenants and agrees that it will not seek, recover or retain any, and the Grantor hereby expressly waives any and all, special, exemplary, punitive and/or consequential damages (whether through action, suit, counterclaim or otherwise) to the extent waiver is not limited under applicable law.

SECTION 6.5 Attorney Fees. All obligations provided for in this Section shall survive payment of the Secured Liabilities. If any suit or action is instituted or attorneys are employed to collect the Secured Liabilities or any part hereof, or in the exercise of rights and remedies with respect to the Collateral, or otherwise enforce Secured Party's rights under the Loan Documents, Grantor promises and agrees to pay all costs of collection, including all court costs and reasonable attorneys' fees.

SECTION 6.6 No Marshalling. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof to the extent required by law. The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for the Secured Liabilities or any of them or to resort to such collateral security in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, the Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights and remedies under this



Security Agreement or under any other instrument creating or evidencing any of the Secured Liabilities or under which any of the Secured Liabilities is outstanding or by which any of the Secured Liabilities is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Grantor hereby irrevocably waives the benefits of all such laws.

SECTION 6.7 Indemnification by the Grantor. The Grantor hereby agrees to indemnify, exonerate and hold the Secured Party, and each of the officers, directors, employees, Affiliates and agents of the Secured Party (each an "Indemnified Party") free and harmless from and against any and all actions, causes of action, suits, losses, liabilities, damages and expenses, including Attorney Costs (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to (a) any breach by the Grantor of any representation, warranty or covenant under this Security Agreement or any other Loan Document, or (b) the execution, delivery, performance or enforcement of this Security Agreement or any other Loan Document by any of the Indemnified Parties. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. All obligations provided for in this Section shall survive repayment of the Secured Liabilities, any foreclosure under, or any modification, release or discharge of, any or all of the Collateral Documents and termination of this Security Agreement.

## ARTICLE VII

### MISCELLANEOUS PROVISIONS

SECTION 7.1 Loan Document. The provisions of this Security Agreement are in addition to, and not intended to be a limitation of, the duties of Grantor and the rights of Secured Party under the Purchase Agreement or any of the other Loan Documents. To the extent there exists any conflict or ambiguity between the terms, covenants and conditions of this Security Agreement and any of the other Loan Documents, the terms, covenants and conditions which shall enlarge the rights and remedies of the Secured Party and the interest of the Secured Party in the Collateral, afford the Secured Party greater financial security in the Collateral and better assure payment of the Secured Liabilities in full, shall control.

SECTION 7.2 Waiver; Amendments. No delay on the part of the Secured Party in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Security Agreement or the Purchase Agreement shall in any event be effective unless the same shall be in writing and signed and delivered by the Grantor and the Secured Party, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Each of the representations, warranties, covenants and other agreements of the Grantor contained in this Security Agreement and the other Loan Documents: (i) shall be absolute and unconditional; (ii) shall survive the execution and delivery of this Security Agreement and the other Loan Documents; (iii) shall remain and continue in full force and effect without regard (A) to any waiver, modification, extension, renewal, consolidation, spreading, amendment or restatement of any other term or provision of any Loan Document, (B) to any full, partial or non-exercise of any of the Secured Party's rights, powers, privileges, remedies and interests under any Loan Document or applicable law, against any person or with respect to any collateral, (C) to any release or subordination of any obligations or collateral, (D) to any statute of limitations or similar time constraint under any applicable law, (E) to any investigation, analysis or evaluation by the Secured Party or its designees of the assets, business, operations, properties or condition (financial or otherwise) of the Grantor, or any other person, (F) to any act or omission on the part of the Secured Party or any other person, or (G) to any other event that otherwise might constitute a legal or equitable counterclaim, defense or discharge of a borrower, surety or pledgor; (iv) shall not be subject to any defense, counterclaim, setoff, right of recoupment, abatement, reduction or other claim or determination that the Grantor may have against the Secured Party or any other person; (v) shall not be diminished or qualified by the death, disability, dissolution, reorganization, insolvency, bankruptcy, custodianship or receivership of the Grantor, any guarantor, surety or pledgor or any other person, or the inability of any of them to pay its debts or perform or

otherwise satisfy its obligations as they become due for any reason whatsoever; and (vi) shall remain and continue in full force and effect until all of the Secured Liabilities have been fully paid and satisfied and thereafter with respect to events occurring prior to such payment and satisfaction.

SECTION 7.3 Section Captions. Section captions used in this Security Agreement are for convenience of reference only, and shall not affect the construction of this Security Agreement.

SECTION 7.4 Counterparts. This Security Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute but one and the same Agreement.

SECTION 7.5 Successors and Assigns. This Security Agreement shall be binding upon the Grantor, the Secured Party and their respective successors and assigns, and shall inure to the benefit of the Grantor, the Secured Party and their respective successors and assigns. The Secured Party may assign its rights and obligations under this Security Agreement, without any notice to or approval of the Grantor. The Grantor shall not assign its rights or obligations under this Security Agreement without the prior written consent of the Secured Party, which may be withheld in the Secured Party's sole discretion.

SECTION 7.6 Severability. Wherever possible each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

SECTION 7.7 Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO ITS LAWS RELATING TO CHOICE-OF-LAW OR CONFLICTS-OF-LAW), EXCEPT TO THE EXTENT GOVERNED BY FEDERAL INTELLECTUAL PROPERTY LAWS. THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS (IN EACH CASE, INCLUDING ANY EXHIBITS OR SCHEDULES THERETO) SETS FORTH THE ENTIRE UNDERSTANDING OF THE PARTIES HERETO WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREBY. ANY AND ALL PREVIOUS AGREEMENTS AND UNDERSTANDINGS BETWEEN OR AMONG THE PARTIES REGARDING THE SUBJECT MATTER HEREOF, WHETHER WRITTEN OR ORAL, ARE SUPERSEDED BY THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS

SECTION 7.8 Notices. All notices or other communications hereunder shall be in writing and given in accordance with Section 12.7 of the Purchase Agreement.

**[signature page to Security Agreement immediately follows]**

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

**GRANTOR:**

NEVADA BOB'S TRADEMARKS, LLC

By: Matthew F DiVenere  
Matthew DiVenere, Sole Managing Member

**SECURED PARTY:**

ACCEPTED:

NB TRADEMARKS, INC.

By: \_\_\_\_\_  
Kevin R. Baker, President

NEVADA BOB'S FRANCHISING, INC.

By: \_\_\_\_\_  
Kevin R. Baker, President

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

**GRANTOR:**


NEVADA BOB'S HOLDINGS, LLC  
By: NEVADA BOB'S TRADEMARKS, LLC,  
its Sole Managing Member

By: \_\_\_\_\_  
Matthew DiVenere, Sole Managing Member


**SECURED PARTY:**

ACCEPTED:

NB TRADEMARKS, INC.

By:  \_\_\_\_\_  
Kevin R. Baker, President

NEVADA BOB'S FRANCHISING, INC.

By:  \_\_\_\_\_  
Kevin R. Baker, President

**ACKNOWLEDGMENT**

STATE OF Georgia )  
 COUNTY OF DeKalb ) s.s.  
 )  
 )  
 )

On December 21, 2005, before me personally appeared Matthew DiVenere, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing Instrument as the Sole Managing Member of NEVADA BOB'S TRADEMARKS, LLC, a Delaware limited liability company (the "Company"), who being by me duly sworn, did depose and say that he is the Sole Managing Member of the Company, the Company described in and which executed the foregoing instrument (the "Instrument"); that the Instrument was signed on behalf of the Company as authorized by its board of directors; and that he acknowledged the Instrument to be the free act and deed of the Company.

Kimberly Miller  
 Notary Public, Cobb County GA

*Kimberly Miller*  
 Notary Public

Kimberly Miller  
 Notary Public-Cobb County, Georgia  
 My Commission Expires September 11, 2006

My commission does not have an expiry date.

**ACKNOWLEDGMENT**

CANADA )  
 PROVINCE OF ONTARIO ) IN THE MATTER OF a security agreement  
 TO WIT: ) from Nevada Bob's Trademarks, LLC in  
 ) favour of NB Trademarks, Inc. and  
 ) Nevada Bob's Franchising, Inc.  
 )

On December \_\_, 2005, before me personally appeared Kevin R. Baker, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as the President of NB TRADEMARKS, INC., a Delaware corporation (the "Company"), who being by me duly sworn, did depose and say that he is the President of the Company, the Company described in and which executed the foregoing instrument (the "Instrument"); that the Instrument was signed on behalf of the Company as authorized by its board of directors; and that he acknowledged the Instrument to be the free act and deed of the Company.

\_\_\_\_\_  
 Notary Public

My commission does not have an expiry date.

**ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ ) **S.S.**  
 )

On December \_\_\_\_, 2005, before me personally appeared Matthew DiVenere, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as the Sole Managing Member of NEVADA BOB'S TRADEMARKS, LLC, a Delaware limited liability company, the Sole Managing Member of NEVADA BOB'S HOLDINGS, LLC, a Delaware limited liability company (the "**Company**"), who being by me duly sworn, did depose and say that he is the Sole Managing Member of NEVADA BOB'S TRADEMARKS, LLC, the Sole Managing Member of the Company, the Company described in and which executed the foregoing instrument (the "**Instrument**"); that the Instrument was signed on behalf of the Company as authorized by its board of directors; and that he acknowledged the Instrument to be the free act and deed of the Company.


\_\_\_\_\_  
Notary Public

My commission does not have an expiry date.

**ACKNOWLEDGMENT**

CANADA )  
PROVINCE OF ONTARIO ) **IN THE MATTER OF a security agreement**  
TO WIT: ) **from Nevada Bob's Holdings, LLC in**  
 ) **favour of NB Trademarks, Inc. and**  
 ) **Nevada Bob's Franchising, Inc.**  
 )

On December 19, 2005, before me personally appeared Kevin R. Baker, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as the President of NB TRADEMARKS, INC., a Delaware corporation (the "**Company**"), who being by me duly sworn, did depose and say that he is the President of the Company, the Company described in and which executed the foregoing instrument (the "**Instrument**"); that the Instrument was signed on behalf of the Company as authorized by its board of directors; and that he acknowledged the Instrument to be the free act and deed of the Company.

  
\_\_\_\_\_  
Notary Public  
**COLBY T. DEWART**  
*Barrister and Solicitor*

My commission does not have an expiry date.

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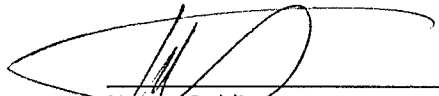
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**ACKNOWLEDGMENT**

**CANADA  
PROVINCE OF ONTARIO  
TO WIT:**

) **IN THE MATTER OF a security agreement**  
) **from Nevada Bob's Holdings, LLC in**  
) **favour of NB Trademarks, Inc. and**  
) **Nevada Bob's Franchising, Inc.**  
)

On December 19, 2005, before me personally appeared Kevin R. Baker, to me personally known or proved to me on the basis of satisfactory evidence to be the person described in and who executed the foregoing instrument as the President of NEVADA BOB'S FRANCHISING, INC., a Delaware corporation (the "**Company**"), who being by me duly sworn, did depose and say that he is the President of the Company, the Company described in and which executed the foregoing instrument (the "**Instrument**"); that the Instrument was signed on behalf of the Company as authorized by its board of directors; and that he acknowledged the Instrument to be the free act and deed of the Company.

  
Notary Public

My commission does not have an expiry date.

**COLBY T. DEWART**  
*Barrister and Solicitor*

**Schedule 1.1**

to

Security Agreement

**TRADEMARKS**

U.S. TRADEMARKS			
Trademark	Reg/n No.	Reg/n Date	Class
NEVADA BOB & Flag Design	2,168,868	June 30, 1998	IC 35 US 100, 101, 102
NEVADA BOB & Flag Design	2,235,815	Mar. 30, 1999	IC 28 US 22, 23, 38, 50
NEVADA BOB	1,470,196 (Cancelled)	Dec. 22, 1987	IC 42
NEVADA BOB AND RACKET DESIGN	1,961,957	Mar. 12, 1996	IC 42 US 100, 101
NEVADA BOB'S	1,477,182	Feb. 16, 1988	IC 42 US 100, 101
NEVADA BOB'S	1,688,162	May 19, 1992	IC 42 US 100, 101
NEVADA BOB'S	2,233,921	Mar. 23, 1999	IC 28 US 22, 23, 38, 50
NEVADA BOB'S GOLF & Design (swoosh)	S/N 75/941,062 (Abandoned)		IC 35 US 100, 101, 102 IC 18, 25, 28
NEVADA BOB'S GOLF & Design (swoosh)	2,805,194	Jan. 13, 2004	IC 35 US 100, 101, 102
NEVADA BOB'S GOLF & Design (swoosh)	S/N 76/628,170	Jan. 19, 2005	IC 18, 25, 28
Nevada Bob's	S/N 73/571,047 (Abandoned)	Dec. 2, 1985	IC 28 US 101
NEVADA BOB'S (E-commerce)	S/N 76/141,989		IC 9, 35, 36, 38, 39, 41, 42
Your game. Your store	S/N 75/941,650 (Abandoned)		IC 25, 28, 35 US 22, 23, 38, 39, 50, 100, 101, 102
DOUBLE EAGLE	2,943,341	April 26, 2005	IC 9 US 21, 23, 26, 36, 38 IC 36 US 100, 101, 102
Your game. Your store	2,806,857	Jan. 20, 2004	IC 35 US 100, 101, 102
PRIMA	1,462,974	Oct. 27, 1987	IC 28 US 3, 22
PRIMA	2,046,177	Mar. 18, 1997	IC 25 US 22, 39



**Exhibit A**  
to  
Security Agreement

**PERFECTION CERTIFICATE**

The undersigned, the sole managing member of Nevada Bob's Holdings, LLC, a Delaware limited liability company (the "Grantor"), hereby certifies, with reference to a certain Security Agreement dated as of December •, 2005 (terms defined in such Security Agreement having the same meanings herein as specified therein), between NB Trademarks, Inc. and Nevada Bob's Franchising, Inc. (collectively, the "Secured Party") and the Grantor, to the Secured Party as follows:

1. Name. The exact legal name of the Grantor as that name appears on its Certificate of Formation is as follows: Nevada Bob's Holdings, LLC

2. Other Identifying Factors.

(a) The following is a mailing address for the Grantor: c/o DiVenere Group  
2564 Oglethorpe Circle  
Atlanta, Georgia 30319

(b) If different from its indicated mailing address, the Grantor's place of business or, if more than one, its chief executive office is located at the following address:

Address	County	State
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(c) The following is the type of organization of the Grantor: limited liability company

(d) The following is the jurisdiction of the Grantor's organization: Delaware

(e) The following is the Grantor's state issued organizational identification number 4068423:

3. Other Current Locations.

(a) The following are all other locations in the United States of America in which the Grantor maintains any books or records relating to any of the Collateral consisting of accounts, instruments, chattel paper, general intangibles or mobile goods:

Address	County	State
---------	--------	-------

(b) The following are all other places of business of the Grantor in the United States of America:

Address	County	State
---------	--------	-------

(c) The following are the names and addresses of all persons or entities other than the Grantor, such as purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral consisting of instruments or chattel paper:

Address	County	State
---------	--------	-------

IN WITNESS WHEREOF, we have hereunto signed this Certificate on behalf of Grantor on December \_\_\_\_\_, 2005.

NEVADA BOB'S HOLDINGS, LLC  
By: NEVADA BOB'S TRADEMARKS, LLC,  
its Sole Managing Member

By: \_\_\_\_\_  
Matthew DiVenere, Sole Managing  
Member