

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
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<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Candle Acquisition Co.		03/14/2006	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Starlume, Inc.		
<b>Street Address:</b>	2000 West 94th Street		
<b>City:</b>	Bloomington		
<b>State/Country:</b>	MINNESOTA		
<b>Postal Code:</b>	55431		
<b>Entity Type:</b>	CORPORATION: DELAWARE		
<b>PROPERTY NUMBERS Total: 2</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	2291811	ILLUME	
<b>Registration Number:</b>	2906293	ILLUME	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(415)772-6268		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	(415) 772-6000		
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<b>Correspondent Name:</b>	John C. Wilson / Heller Ehrman LLP		
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<b>ATTORNEY DOCKET NUMBER:</b>	20106-0010		
<b>NAME OF SUBMITTER:</b>	John C. Wilson		
<b>Signature:</b>	/John C. Wilson/		
<b>Date:</b>	04/03/2006		

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**Total Attachments: 10**

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## TRADEMARK ASSIGNMENT AND SECURITY AGREEMENT

~~January~~<sup>March 14</sup> 2006 This TRADEMARK ASSIGNMENT AND SECURITY AGREEMENT dated as of 2006 (as it may be amended, supplemented, or otherwise modified from time to time, this "Security Agreement"), is entered into by and between CANDLE ACQUISITION CO. d/b/a "Illuminations," a Delaware corporation (the "Grantor"), and STARLUME, INC., a Delaware corporation (the "Secured Party").

Reference is made to (i) the "IP License Agreement" between the Grantor (as the licensor therein) and the Secured Party (as the licensee therein) dated of even date herewith (as it may be amended, supplemented, or otherwise modified from time to time, the "License Agreement"), (ii) the "Acknowledgement and Coexistence Agreement" between the Grantor and the Secured Party dated of even date herewith (as it may be amended, supplemented, or otherwise modified from time to time, the "Coexistence Agreement"), and (iii) the letter agreement among the Grantor, the Secured Party, and Madeleine L.L.C. ("Madeleine") dated November 14, 2005 (as it may be amended, supplemented, or otherwise modified from time to time, the "Letter Agreement"). The Grantor and the Secured Party agreed to enter into this Security Agreement, the License Agreement, and the Coexistence Agreement pursuant to the Letter Agreement.

This Security Agreement shall secure (a) the due and punctual performance by the Grantor and any successors or assigns of all covenants, agreements, obligations, representations, warranties, and liabilities (collectively, "Obligations") (including without limitation all Obligations arising during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding) of the Grantor to the Secured Party under the License Agreement, now or hereafter existing, whether direct or indirect, absolute or contingent, and the payment of all damages for any breach thereof; (b) the due and punctual performance by the Grantor and any successors or assigns of all Obligations (including without limitation all Obligations arising during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding) of the Grantor to the Secured Party under the Coexistence Agreement, now or hereafter existing, whether direct or indirect, absolute or contingent, and the payment of all damages for any breach thereof; and (c) the due and punctual performance by the Grantor and any successors or assigns of all Obligations (including without limitation all Obligations arising during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding) of the Grantor to the Secured Party under this Security Agreement, now or hereafter existing, whether direct or indirect, absolute or contingent, and the payment of all damages for any breach thereof (all the Obligations described in the preceding clauses (a), (b), and (c) being collectively called the "Secured Obligations").

Accordingly, the Grantor and the Secured Party (and each of their respective successors or assigns), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

### ARTICLE I

#### Definitions

**SECTION 1.01. Definition of Terms Used Herein.** Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the License Agreement, in the Coexistence Agreement, or in the Letter Agreement, and all references to the Uniform Commercial Code shall mean the Uniform Commercial Code as in effect in the State of California from time to time.

**SECTION 1.02. Definition of Certain Terms Used Herein.** As used herein, the following terms shall have the following meanings:

"Collateral" shall mean all of the Grantor's now owned and hereafter acquired or arising right, title, and interest in, to, and under all of the following:

(a) the trademark "ILLUME," the goodwill associated with the mark "ILLUME," and all related rights, including without limitation all existing and future registrations and applications therefor (including without limitation Reg. Nos. 2291811 and 2906293 for candles, candle and incense accessories, retail and wholesale

services in the field of candles and candle accessories, and personal care products, namely, shower and bath gel, hand and body and face lotion, hand and body and face soap, and bath salts) filed in the United States Patent and Trademark Office, any State of the United States, or any similar offices in any other country or any political subdivision thereof, and all extensions, reissues, or renewals thereof;

(b) all rights, contracts, agreements, licenses (including without limitation the License Agreement), claims, and causes of action (including without limitation any past, present, and future claims and causes of action for infringement, dilution, misappropriation, violation, or misuse and the right to collect damages therefor) arising out of or related to the trademark "ILLUME" or the License;

(c) all books and records concerning or relating to any other Collateral;

(d) all additions, improvements, and accessions to any other Collateral;

(e) all income, royalties, and other payments now or hereafter payable with respect to any other Collateral; and

(f) any and all Proceeds of any of the foregoing.

"Event of Default" shall mean any material breach by the Grantor or any successor or assign of any Secured Obligation (including without limitation during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding).

"Lien" shall mean any security interest, lien, charge, mortgage, deed, assignment, pledge, hypothecation, claim, encumbrance, easement, restriction, or other interest of another person of any kind or nature.

"Permitted Lien" shall mean (a) a Lien in favor of Madeleine so long as any such Lien is subordinate to the Liens in favor of Secured Party created or contemplated by this Security Agreement and is subordinate to the License Agreement and Coexistence Agreement; and (b) any other Lien that is subordinate to the Liens in favor of Secured Party created or contemplated by this Security Agreement and is subordinate to the License Agreement and Coexistence Agreement, but such Lien shall be deemed a Permitted Lien only if the holder of such Lien shall have acknowledged in writing to Secured Party the existence and first priority of the License Agreement, the Coexistence Agreement, and the Liens in favor of Secured Party created or contemplated by this Security Agreement.

"Proceeds" shall include any and all proceeds and products of any of the Collateral, including, but not limited to, whatever is received upon the sale, exchange, license, or other disposition of any asset or property that constitutes Collateral; whatever is collected on, or distributed on account of, any asset or property that constitutes Collateral; any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage, or other involuntary conversion of whatever nature of any asset or property which constitutes Collateral; any claim of the Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) past, present, or future infringement or dilution of the mark "ILLUME" or other Collateral or injury to the goodwill associated with or symbolized thereby; and any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

**SECTION 1.03. Security Interest.** As security for the due and punctual performance and payment of the Secured Obligations by the Grantor and any successors or assigns, the Grantor hereby grants to the Secured Party and its successors and assigns, and hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates, and transfers to the Secured Party and its successors and assigns, a continuing security interest in all of the Grantor's now owned and hereafter acquired or arising right, title, and interest in, to, and under the Collateral (the "Security Interest"). Without limiting the foregoing, the Secured Party is hereby authorized to file one or more financing statements, amendments thereto, continuation statements, filings with the United States Patent and Trademark Office (or any successor office or any similar office in any state or in any other country), or other documents for the purpose of perfecting, confirming, continuing, enforcing, or protecting the Security Interest granted by the Grantor, with or without the signature of the Grantor.

SECTION 1.04. No Assumption of Liability. The Security Interest is granted as security only and shall not subject the Secured Party to, or in any way alter or modify, any obligation or liability of the Grantor with respect to or arising out of the Collateral.

## ARTICLE II

### Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party that:

SECTION 2.01. Title and Authority. The Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority (i) to grant to the Secured Party the Security Interest in such Collateral pursuant hereto, and (ii) to execute, deliver, consummate, and perform its obligations in accordance with the terms of this Security Agreement, the License Agreement, the Coexistence Agreement, and the Letter Agreement, without the consent or approval of any other person or the need for any filing with any other person, including any governmental or quasi-governmental agency or instrumentality other than any consent or approval which has been obtained or filing which has been made.

SECTION 2.02. Validity of Security Interest. The Security Interest constitutes (a) a legal and valid security interest in all the Collateral securing the performance and payment of the Secured Obligations, and (b) subject to the filings, registrations, and recordings described in Section 1.03 above, a perfected, first priority security interest in all Collateral in which a security interest may be perfected by filing a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions. The Security Interest is and shall be prior to any other Lien on any of the Collateral.

SECTION 2.03. Absence of Other Liens. The Grantor has rights in and the power to transfer the Collateral free and clear of any Lien, except for the Permitted Liens. The Grantor has not filed or consented to the filing of (a) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Collateral, (b) any assignment in which the Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office, or (c) any assignment in which the Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal, or other office, which financing statement or analogous document, assignment, security agreement, or similar instrument is still in effect, except, in each case, with respect to the Permitted Liens.

SECTION 2.04. Organization and Qualification. The Grantor is a corporation duly incorporated, validly existing, and in good standing under the laws of the State of Delaware, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Grantor is not in violation or default of any of the provisions of its articles of incorporation, bylaws, or other organizational or charter documents. The Grantor is duly qualified to conduct business and is in good standing as a foreign corporation in each jurisdiction in which the nature of its business conducted or property owned makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a material adverse effect on its ability to perform the Secured Obligations (a "Material Adverse Effect"), and no proceeding of any type or kind whatsoever has been instituted in any jurisdiction revoking, limiting, or curtailing or seeking to revoke, limit, or curtail such power, authority, or qualification.

SECTION 2.05. Authorization and Enforcement. Each Secured Obligation constitutes the valid and binding obligation of the Grantor enforceable against the Grantor in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting the enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**SECTION 2.06. No Conflicts.** The execution, delivery, consummation, and performance of this Security Agreement, the License Agreement, the Coexistence Agreement, and the Letter Agreement by the Grantor do not and will not (i) conflict with or violate any provision of the Grantor's or any affiliate's certificate or articles of incorporation, bylaws, or other organizational or charter documents, or (ii) conflict with or constitute a default (or an event which with notice or the passage of time would become a default) under, result in the creation of any Lien (other than the Liens contemplated herein) upon any of the properties or assets of the Grantor, or to give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice or the passage of time or both) of, any agreement, credit facility, debt, or other instrument or other understanding to which the Grantor is a party or by which any property or asset of the Grantor is bound or affected, or (iii) conflict with or result in any a violation of any rule, law, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental or quasi-governmental agency or instrumentality to which the Grantor is subject or by which any property or asset of the Grantor is bound or affected.

**SECTION 2.07. Litigation.** There is no threatened or pending formal or informal litigation, proceeding, or other judicial or quasi-judicial action which (i) adversely affects or challenges the legality, validity, or enforceability of any of the License Agreement, the Coexistence Agreement, the Letter Agreement, or this Security Agreement, or (ii) could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

**SECTION 2.08. Compliance.** The Grantor (i) is not in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Grantor under), and has not received notice of a claim that it is in default under or that it is in violation of, any indenture, loan, or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is not in violation of any order of any court, arbitrator, or governmental body, or (iii) is not, and has not been, in violation of any statute, rule, or regulation of any governmental authority, except in each case as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

**SECTION 2.09. Trademark Status.** Neither the Grantor nor any affiliate has received a written notice that the mark "ILLUME" or any other Collateral violates or infringes upon the rights of any person or entity. Grantor's rights with respect to the mark "ILLUME" and all other Collateral are enforceable, and Grantor is not aware of any existing infringement thereof by another person or entity. Secured Party acknowledges that a timely Combined Declaration of Use and Incontestability has been filed with the U.S. Patent and Trademark Office with respect to the registration of the Mark, but that no notice of acceptance has been received as of the date of this Security Agreement. Notwithstanding any other provision of this Security Agreement, Grantor does not represent, warrant or covenant that a notice of acceptance will be received after the date hereof and shall have no liability to Secured Party in the event a notice of acceptance is not received.

### ARTICLE III

#### Covenants

**SECTION 3.01. Change of Name; Location of Collateral; Records; Place of Business.** The Grantor agrees promptly to notify the Secured Party in writing of any change (i) in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in its state of incorporation, (iii) in the location of its chief executive office or its principal place of business, (iv) in its identity or corporate structure, or (v) in its Federal Taxpayer Identification Number. The Grantor agrees not to effect or permit any change referred to in the preceding sentence unless it shall have given the Secured Party ten (10) Business Days' prior written notice of such change and shall promptly make all filings under the Uniform Commercial Code or otherwise that are required in order for the Secured Party to continue at all times following such change to have a valid, legal, and perfected first priority security interest in all the Collateral. The Grantor agrees promptly to notify the Secured Party if any material portion of the Collateral is impaired.

**SECTION 3.02. Protection of Security.** The Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Secured Party in the Collateral and the priority thereof against any Lien.

**SECTION 3.03. Further Assurances.** The Grantor agrees to execute, acknowledge, deliver, and cause to be duly filed all such further instruments and documents and take all such actions as the Secured Party may from time to time reasonably request to better assure, preserve, protect, and perfect the Security Interest and the rights and remedies created hereby.

**SECTION 3.04. Disposition of Collateral.** The Grantor shall not make or permit to be made an assignment, pledge, or hypothecation of the Collateral and shall not grant any other Lien in respect of the Collateral, except for Permitted Liens. If an Event of Default shall have occurred and be continuing, the Grantor shall not sell, convey, lease, assign, transfer, pledge, hypothecate, create any Lien upon, or otherwise dispose of any Collateral or any interest therein. If no Event of Default shall have occurred and be continuing, the Grantor may transfer the Collateral only if the transferee shall have acknowledged in writing to Secured Party the existence and senior priority of the License Agreement, the Coexistence Agreement, and the Liens in favor of Secured Party created or contemplated by this Security Agreement and agree in writing with Secured Party to assume all of the Secured Obligations.

**SECTION 3.05. Maintenance and Preservation of Trademark Collateral.** The Grantor agrees that it will maintain and preserve the mark "ILLUME" and other trademark rights included in the Collateral in full force and free from any claim of abandonment or invalidity, and that it will not use or permit the use of such trademark in violation of Secured Party's rights under the License Agreement, the Coexistence Agreement, or the Letter Agreement. The Grantor shall notify the Secured Party immediately if it knows or has reason to know of any adverse determination or development (including the institution of, or any determination or development in, any proceeding in the United States Patent and Trademark Office or any court or similar office of any country) regarding the Grantor's ownership of the mark "ILLUME" or other trademark rights included in the Collateral or its right to register or maintain the registration for the same. The Grantor will take all necessary steps that are consistent with the practice in any proceeding before the United States Patent and Trademark Office or any office or agency in any political subdivision of the United States or in any other country or any political subdivision thereof, to maintain and pursue each application relating to the "ILLUME" trademark and other trademark rights included in the Collateral (and to obtain the relevant grant or registration) and to maintain each registration, including timely filings of applications for renewal, affidavits of use, affidavits of incontestability, and payment of maintenance fees and to initiate appropriate proceedings against third parties. In the event that the Grantor has reason to believe that any Collateral has been or is about to be infringed, misappropriated, diluted, or subjected to unfair competition by a third party, the Grantor promptly shall notify the Secured Party. The grantor shall have the sole right to determine whether or not to take any action on account of any such acts of infringement, misappropriation, dilution, or unfair competition. The Secured Party shall not institute suit or take any action on account of any such acts without first obtaining the written consent of Grantor to do so, which consent shall not be unreasonably withheld. The defense, settlement, and handling of such action shall be determined by Grantor in its sole discretion.

## ARTICLE IV

### Remedies

**SECTION 4.01. Remedies upon Event of Default.** In addition to all other rights and remedies granted to the Secured Party under this Security Agreement, the License Agreement, the Coexistence Agreement, and the Letter Agreement, upon the occurrence and continuance of an Event of Default, the Secured Party may exercise all rights and remedies of a secured party under the Uniform Commercial Code (or its equivalent in other jurisdictions) or other applicable law. Without limiting the foregoing, upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at any public or private sale, for cash, upon credit, or for future delivery as the Secured Party shall deem appropriate. Upon consummation of any such sale, the Secured Party shall have the right to assign, transfer, and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold free from any claim or right on

the part of the Grantor, and the Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation, and appraisal which the Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Secured Party shall give the Grantor 10 days' written notice (which the Grantor agrees is reasonable notice within the meaning of the Uniform Commercial Code as in effect in the State of California or its equivalent in other jurisdictions) of the Secured Party's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Secured Party may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Secured Party may (in its sole and absolute discretion) determine. The Secured Party shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Secured Party until the sale price is paid by the purchaser or purchasers thereof, but the Secured Party shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section, the Secured Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation, or appraisal on the part of the Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to the Secured Party from the Grantor as a credit against the purchase price, and the Secured Party may, upon compliance with the terms of sale, hold, retain, and dispose of such property without further accountability to the Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Secured Party shall be free to carry out such sale pursuant to such agreement, and the Grantor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Secured Party shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Secured Party may proceed by a suit or suits at law or in equity to foreclose this Security Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

**SECTION 4.02. Application of Proceeds.** The Secured Party shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

**FIRST**, to the payment of all costs and expenses incurred by the Secured Party in connection with such collection or sale or otherwise in connection with this Security Agreement or any of the Secured Obligations, including all court costs and the reasonable fees and expenses of its agents and legal counsel (including without limitation such costs, fees, and expenses incurred in connection with any bankruptcy case), the repayment of all advances made by the Secured Party hereunder on behalf of the Grantor, and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under the License Agreement, the Coexistence Agreement, or the Letter Agreement;

**SECOND**, to the payment in full of the Secured Obligations; and

**THIRD**, to the Grantor, and its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Secured Party shall have absolute discretion as to the time of application of any such proceeds, moneys, or balances in accordance with this Security Agreement. Upon any sale of the Collateral by the Secured Party (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Secured Party or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral



so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Secured Party or such officer or be answerable in any way for the misapplication thereof.

## ARTICLE V

### Miscellaneous

**SECTION 5.01. Notices.** All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 18.3 of the License Agreement.

**SECTION 5.02. Security Interest Absolute.** Subject to Section 5.12 below, all rights of the Secured Party hereunder, the Security Interest, and all obligations of the Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of all or any portion of this Security Agreement, the License Agreement, the Coexistence Agreement, the Letter Agreement, any agreement with respect to any of the Secured Obligations, or any other agreement or instrument relating to any of the foregoing, (b) any amendment or waiver of or any consent to any departure from this Security Agreement, the License Agreement, the Coexistence Agreement, the Letter Agreement, or any other agreement or instrument, or (c) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Grantor in respect of the Secured Obligations or this Security Agreement.

**SECTION 5.03. Survival of Agreement.** All covenants, agreements, representations, and warranties made by the Grantor herein and in the other instruments prepared or delivered in connection with or pursuant to this Security Agreement shall be considered to have been relied upon by the Secured Party, regardless of any investigation made by the Secured Party or on its behalf, and shall survive and continue in full force and effect until all Secured Obligations shall have been indefeasibly and irrevocably performed in full.

**SECTION 5.04. Successors and Assigns.** Whenever in this Security Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises, and agreements by or on behalf of the Grantor or the Secured Party that are contained in this Security Agreement shall bind and inure to the benefit of their respective successors and assigns.

**SECTION 5.05. Secured Party's Fees and Expenses; Indemnification.** (a) The Grantor agrees to pay upon demand to the Secured Party the amount of any and all reasonable expenses, including the fees, disbursements, and other charges of its counsel and of any experts or agents, which the Secured Party may incur in connection with (i) the preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (ii) the exercise, enforcement, or protection of any of the rights of the Secured Party hereunder or under the License Agreement, the Coexistence Agreement, or the Letter Agreement, or (iii) the failure of the Grantor to perform or observe any of the provisions hereof or of the License Agreement, the Coexistence Agreement, or the Letter Agreement.

(b) The Grantor agrees to indemnify the Secured Party against, and hold the Secured Party harmless from, any and all losses, claims, damages, liabilities, and related expenses, including reasonable fees, disbursements, and other charges of counsel, incurred by or asserted against it arising out of, in any way connected with, or as a result of, any breach by, or default of, Grantor under this Security Agreement or the Secured Obligations or any claim, litigation, investigation, or proceeding relating thereto or to the Collateral.

(c) Any such amounts payable as provided hereunder shall be additional Secured Obligations. The provisions of this Section 5.05 shall remain operative and in full force and effect regardless of the consummation of the transactions contemplated hereby, the invalidity or unenforceability of any term or provision of this Security Agreement, or any investigation made by or on behalf of the Secured Party.

**SECTION 5.06. GOVERNING LAW.** THIS SECURITY AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CHOICE OF LAW PRINCIPLES.

**SECTION 5.07. Waivers; Amendment.** (a) No failure or delay of the Secured Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Secured Party hereunder and under the License Agreement, the Coexistence Agreement, and the Letter Agreement are cumulative and are not exclusive of any rights or remedies that it would otherwise have. In the event of a conflict between the provisions of this Security Agreement, on the one hand, and the Letter Agreement, on the other hand, this Security Agreement shall control. No waiver of any provisions of this Security Agreement, the License Agreement, the Coexistence Agreement, or the Letter Agreement or consent to any departure by the Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Grantor in any case shall entitle the Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Security Agreement nor any provision hereof may be waived, amended, or modified except pursuant to an agreement or agreements in writing entered into by the Secured Party and the Grantor with respect to which such waiver, amendment or modification is to apply.

**SECTION 5.08. Severability.** In the event any one or more of the provisions contained in this Security Agreement should be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal, or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

**SECTION 5.09. Counterparts.** This Security Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. Delivery of an executed signature page to this Security Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

**SECTION 5.10. Headings.** Article and Section headings used herein are for the purpose of reference only, are not part of this Security Agreement, and are not to affect the construction of, or to be taken into consideration in interpreting, this Security Agreement.

**SECTION 5.11. Jurisdiction; Consent to Service of Process.** The Grantor and Secured Party hereby irrevocably and unconditionally submit, for themselves and their property, to the nonexclusive jurisdiction of any California State court or of any Federal court sitting in California, and any appellate court therefrom, in any action or proceeding arising out of or relating to this Security Agreement, the License Agreement, the Coexistence Agreement, or the Letter Agreement, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such California State or, to the extent permitted by law, in such Federal court. The Grantor and Secured Party hereby irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection which they may now or hereafter have to the laying of venue of any suit, action, or proceeding arising out of or relating to this Security Agreement, the License Agreement, the Coexistence Agreement, or the Letter Agreement in any California State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**SECTION 5.12. Termination.** (a) This Security Agreement and the Security Interest shall terminate upon the first to occur of the following: (i) all of the Secured Obligations shall have been indefeasibly and irrevocably performed in full; or (ii) the License Agreement shall have been effectively terminated by Grantor in accordance with either Section 10.1 or Section 10.2 of the License Agreement. Upon such effective termination of this Security Agreement and the Security Interest, the Secured Party shall either deliver to the Grantor in proper

form for filing all Uniform Commercial Code termination statements and similar documents which the Grantor shall reasonably request to evidence such termination or an authenticated record authorizing the Grantor to prepare and file the same.

(b) This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Grantor for liquidation or reorganization, should the Grantor become insolvent or make an assignment for the benefit of any creditor or creditors, or should a receiver or trustee be appointed for all or any significant part of the Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored, or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored, or returned.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

CANDLE ACQUISITION CO.  
d/b/a "Illuminations."  
a Delaware corporation  
as Grantor

By: Brian Laliberte  
Name: Brian Laliberte  
Title: PRESIDENT

STARLUME, INC.,  
a Delaware corporation  
as Secured Party.

By: \_\_\_\_\_  
Name:  
Title:

form for filing all Uniform Commercial Code termination statements and similar documents which the Grantor shall reasonably request to evidence such termination or an authenticated record authorizing the Grantor to prepare and file the same.

(b) This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Grantor for liquidation or reorganization, should the Grantor become insolvent or make an assignment for the benefit of any creditor or creditors, or should a receiver or trustee be appointed for all or any significant part of the Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored, or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored, or returned.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the day and year first above written.

**CANDLE ACQUISITION CO.**  
d/b/a "Illuminations,"  
a Delaware corporation  
as Grantor,

By: \_\_\_\_\_

Name:  
Title:

**STARLUME, INC.,**  
a Delaware corporation  
as Secured Party,

By: Charles A. Greenberg

Name: CHARLES A. GREENBERG  
Title: CHAIRMAN