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11-20-2008



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OPR/FINANCE

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To the Director of the U. S. Patent and Trademark Office, send documents or the new address(es) below.

1. Name of conveying party(ies):

EXHALE ENTERPRISES, INC.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation- State: DELAWARE
- Other _____

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: VOGEN FUNDING, L.P.

Internal Address: _____

Street Address: 10 SOUTH WACKER DRIVE, SUITE 1840

City: CHICAGO

State: ILLINOIS

Country: US Zip: 60606

Association Citizenship _____

General Partnership Citizenship _____

Limited Partnership Citizenship DELAWARE

Corporation Citizenship _____

Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) OCTOBER 31, 2008

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other _____

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
78/660,333; 77/448,645; 77/081,427; 77/189,512; 77/081,435; 77/360,567 AND 77/253,506

B. Trademark Registration No.(s)
2,796,257; 3,396,227; 2,818,315; 3,375,867 AND 3,309,027

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: CHRISTOPHER J. LAMBERT

Internal Address: _____

Street Address: 180 NORTH LASALLE STREET, SUITE 3700

City: CHICAGO

State: ILLINOIS Zip: 60601

Phone Number: 312-281-1116

Fax Number: 312-264-2574

Email Address: clambert@hnpblaw.com

6. Total number of applications and registrations involved: 12

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 315.00

Authorized to be charged to deposit account

Enclosed

8. Payment Information:

11/19/2008 10:41:00 AM 00000000 78660333
Deposit Account Number _____

Authorized User Name _____

9. Signature:

CHRISTOPHER J. LAMBERT

Name of Person Signing

11/14/2008

Date

Total number of pages including cover sheet, attachments, and document:

11

PATENT AND TRADEMARK SECURITY AGREEMENT

THIS PATENT AND TRADEMARK SECURITY AGREEMENT (this "**Agreement**"), dated as of October 31, 2008, is made by EXHALE ENTERPRISES, INC., a Delaware corporation ("**Grantor**"), in favor of VOGEN FUNDING, L.P., a Delaware limited partnership and a federal licensee under the Small Business Investment Act of 1958, as amended ("**Secured Party**").

R E C I T A L S

A. Grantor and Secured Party have entered into that certain Loan Agreement, dated the date hereof (as amended from time to time, the "**Loan Agreement**"), pursuant to which Secured Party has agreed to extend credit to Grantor in the original principal amount of \$4,000,000.00;

B. Grantor and Secured Party have entered into that certain Security Agreement, dated the date hereof (as amended from time to time, the "**Security Agreement**"), pursuant to which Grantor is required to execute and deliver this Agreement to Secured Party. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Security Agreement; and

C. Pursuant to the terms of the Security Agreement, Grantor has granted to Secured Party a security interest in all the assets of Grantor, including all right, title and interest of Grantor in, to and under all now owned and hereafter acquired patents, patent applications, patent licenses, trademarks, trademark applications and trademark licenses, and all products and proceeds thereof, to secure the obligations of Grantor under the Loan Agreement.

In consideration of the mutual agreements set forth herein and in the Loan Agreement, the Security Agreement, and the other Loan Documents, Grantor does hereby grant to Secured Party a continuing security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired:

- (1) each patent and patent application, including, without limitation, each patent and patent application referred to in Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof and all goodwill associated therewith;
- (2) each patent license, including, without limitation, each patent license listed on Schedule 1 annexed hereto, together with all goodwill associated therewith;
- (3) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of any patent, including, without limitation, any patent referred to in Schedule 1 annexed hereto, any patent issued pursuant to a patent application referred to in Schedule 1 and any patent licensed under any patent license listed on Schedule 2 annexed hereto (items 1 through 3 being herein collectively referred to as the "**Patent Collateral**").

- (4) each trademark and trademark application, including, without limitation, each trademark and trademark application referred to in Schedule 2 annexed hereto, together with any renewals thereof and all goodwill associated therewith;
- (5) each trademark license, including, without limitation, each trademark license listed on Schedule 2 annexed hereto, together with all goodwill associated therewith;
- (6) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of any trademark, including, without limitation, any trademark referred to in Schedule 2 annexed hereto, any trademark issued pursuant to a trademark application referred to in Schedule 2 and any trademark licensed under any trademark license listed on Schedule 2 annexed hereto (items 4 through 6 being herein collectively referred to as the "**Trademark Collateral**");

provided, in no event shall the security interest granted hereunder attach to any lease, license, contract, property rights or agreement to which Grantor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in a breach or termination pursuant to the terms of, or default under, any such lease, license, contract, property rights or agreement or pursuant to rule of law, statute or regulation that prohibits, restricts or requires the consent of a governmental body to the grant of such security interest therein, other than to the extent that any such term is rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision) and, provided, upon the request of Secured Party, Company will in good faith use reasonable efforts to obtain consent for the creation of a security interest in favor of Secured Party (and to Secured Party's enforcement of such security interest) in Secured Party's rights under such lease or license.

This security interest is granted in conjunction with the security interests granted to Secured Party pursuant to the Security Agreement and subject to limitations set forth therein. Grantor hereby acknowledges and affirms that the rights and remedies of Secured Party with respect to the security interest in the Patent Collateral and the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

Grantor has caused this Patent and Trademark Security Agreement to be duly executed by its duly authorized officer thereunto as of the date first set forth above.

GRANTOR:

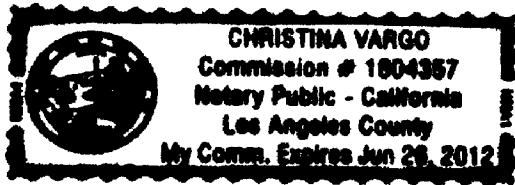
EXHALE ENTERPRISES, INC.

By: Rahul Aggarwal
Name: Rahul Aggarwal
Title: Vice President and Secretary

STATE OF California)
) ss
COUNTY OF Los Angeles)

On this 30th day of October, 2008, before me personally appeared the person whose signature is set forth above, to me known, who, being duly sworn, did depose and say that he is the above-indicated officer of Grantor, and which executed the above instrument; and that he signed his name thereto by authority of the board of directors or similar governing of said entity.

Christina Vargo
Notary Public



Acknowledged as of the date first set forth above.

VOGEN FUNDING, L.P.

By: Vogen Funding GP, LLC, its General Partner

By: CapX Management Corp., its Manager

By: Jeffrey S. Pfeffer, President

Grantor has caused this Patent and Trademark Security Agreement to be duly executed by its duly authorized officer thereunto as of the date first set forth above.

GRANTOR:

EXHALE ENTERPRISES, INC.

By: _____

Name: _____

Title: _____

STATE OF _____)
) ss
COUNTY OF _____)

On this ___ day of _____, 2008, before me personally appeared the person whose signature is set forth above, to me known, who, being duly sworn, did depose and say that he is the above-indicated officer of Grantor, and which executed the above instrument; and that he signed his name thereto by authority of the board of directors or similar governing of said entity.

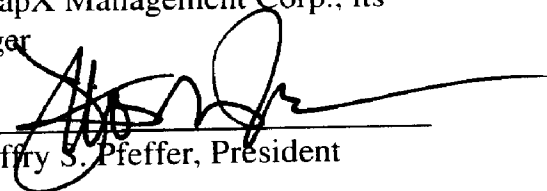
Notary Public

Acknowledged as of the date first set forth above.

VOGEN FUNDING, L.P.

By: Vogen Funding GP, LLC, its General Partner

By: CapX Management Corp., its Manager

By: 
Jeffrey S. Pfeffer, President

SCHEDULE 1
to
PATENT AND TRADEMARK SECURITY AGREEMENT

Patents:

None

SCHEDULE 2
to
PATENT AND TRADEMARK SECURITY AGREEMENT

Trademarks:

See attached


As of September 29, 2008

<u>COUNTRY</u> <u>H&H NO.</u>	<u>MARK</u> <u>CLASS & GOODS</u>	<u>STATUS</u> <u>APPL. NO.</u> <u>APPL. DATE</u>	<u>REG. NO.</u> <u>REG. DATE</u> <u>RENEW DATE</u>	<u>NEXT ACTION AND DEADLINE</u>
United States 45522.0009	CORE FUSION Class 9 - CDs, DVDs and instructional videotapes featuring physical fitness instruction and exercise classes Class 16 - Books and printed training materials consisting of workbooks, pamphlets and cards featuring instruction in physical fitness routines Class 25 - T-shirts, shorts, pants, tank tops, hats, jackets, socks, shoes, sandals Class 28 - Personal exercise mats, stretch belts for physical exercise, playground balls, starting blocks for sports events, hand weights	PENDING 78/660,333 06/28/05		SOU or Third RFE due 01/03/09
United States 45522.0004	CORE FUSION Class 41 - Physical fitness consultation and instruction, namely a fitness exercise course with emphasis on both the mind and the body	REGISTERED 78/164,383 09/16/02	2,796,257 12/16/03 12/16/13	§ 8 & 15 due 12/16/09 Renewal due 12/16/13
United States 45522.0038	CORE THERAPY Class 3 - Face and body care preparations and cosmetics, namely, soap, non-medicated lotions and cosmetic preparations for skin care and protection; shampoos and hair conditioners	REGISTERED 78/827,169 03/02/06	3,396,227 03/11/08 03/11/18	§ 8 & 15 due 03/11/14 Renewal due 03/11/18
United States 45522.0003	EXHALE Class 41 - Mind-body fitness services, namely yoga classes, toning classes, pilates-based mat classes; one on one instruction in the field of well-being, fitness and nutrition; providing fitness exercise facilities Class 44 - Spa treatments and services, namely providing massage, facials and skin care treatments, wet and dry body treatments, nail care, manicures and pedicures; body waxing services; beauty consultation services	REGISTERED 78/099,657 12/21/01	2,818,315 02/24/04 02/24/14	§ 8 & 15 due 02/24/10 Renewal due 02/24/14

<u>COUNTRY</u> <u>H&H NO.</u>	<u>MARK</u> <u>CLASS & GOODS</u>	<u>STATUS</u> <u>APPL. NO.</u> <u>APPL. DATE</u>	<u>REG. NO.</u> <u>REG. DATE</u> <u>RENEW DATE</u>	<u>NEXT ACTION AND DEADLINE</u>
United States 45522.0047	EXHALE Class 35 - Retail gift shop services; retail and online retail store services featuring exercise props, music, magazines, books, candles, jewelry, bottled water, snacks, tea and other consumables, home decor, furniture, umbrellas, bags, incense	REGISTERED 77/235,916 07/23/07	3,375,867 01/29/08 01/29/18	§ 8 & 15 due 01/29/14 Renewal due 01/29/18
United States 45522.0066	EXHALE Class 9 - CDs, DVDs and instructional videotapes featuring physical fitness instruction and exercise classes Class 16 - Books and magazines in the field of physical fitness; printed training materials consisting of workbooks, pamphlets and cards featuring instruction in physical fitness routines	PENDING 77/448,645 04/15/08		Published 09/30/08
United States 45522.0010	EXHALESOUL Class 36 - Charitable foundation services, namely, providing grants and monetary donations to non-profit and community organizations for projects in communities, and providing educational scholarships Class 41 - Charitable foundation services, namely, providing free classes in the field of fitness	REGISTERED 78/742,952 10/28/05	3,309,027 10/09/07 10/09/17	§ 8 & 15 due 10/09/13 Renewal due 10/09/17
United States 45522.0041	G.R.N. Class 3 - Face and body care preparations and cosmetics, namely, soaps, perfumes; non-medicated creams, gels, lotions, ointments and cosmetic preparations for skin care and protection; body oils for cosmetic purposes, hair lotions; shampoos; hair conditioners; non-medicated cosmetic preparations for baths; essential oils for personal use; scented oils for personal use; fragrances, namely, eau de toilette	PENDING 77/081,427 01/11/07		Response due 03/23/09

As of September 29, 2008

COUNTRY H&H NO.	MARK CLASS & GOODS	STATUS APPL. NO. APPL. DATE	REG. NO. REG. DATE RENEW DATE	NEXT ACTION AND DEADLINE
United States 45522.0046	<p>GRN Class 4 - Candles, yoga props, jewelry, bottled water, snacks, tea, other non-perishable consumables, skin care and hair care products, home decor products, furnishings, CDs, DVDs, music, books, magazines, retail store services featuring all of the foregoing, condominiums, residential developments</p>	<p>SUSPENDED 77/189,512 05/24/07</p>		<p>Suspended pending disposition of 77129575 and 78939685</p>
United States 45522.0042	<p>g.r.n <small>STYLIZED LETTERING</small></p> <p>Class 3 - Face and body care preparations and cosmetics, namely, lip gloss, mascara, make-up foundation, make-up powders, eye shadow, eye liner, blush, cosmetic pencils, lip gloss, nail enamel; soaps, perfumes; non-medicated creams, gels, lotions, ointments and cosmetic preparations for skin care and protection; body oils for cosmetic purposes, non-medicated cosmetic sun care preparations; hair lotions; shampoos; hair conditioners; non-medicated cosmetic preparations for baths; massage oils, incense and essential oils for personal use; scented oils for personal use; fragrances, namely, colognes, perfumes, and eau de toilette</p>	<p>PENDING 77/081,435 01/11/07</p>		<p>SOU or First RFE due 11/20/08</p>

<u>COUNTRY</u> <u>H&H NO.</u>	<u>MARK</u> <u>CLASS & GOODS</u>	<u>STATUS</u> <u>APPL. NO.</u> <u>APPL. DATE</u>	<u>REG. NO.</u> <u>REG. DATE</u> <u>RENEW DATE</u>	<u>NEXT ACTION AND DEADLINE</u>
United States 45522.0051	<p>g r n (with leaves) grow restore nurture</p>  <p>grow restore nurture</p> <p>Class 3 - Non-medicated skin care preparations and hair care preparations</p> <p>Class 35 - Retail store services featuring candles, bottled water, snacks, tea, skin care and hair care products, home decor products, furnishings, CDs, DVDs, music, books, and magazines; real estate marketing services in the field of condominiums</p>	<p>PENDING</p> <p>77/360,567</p> <p>12/27/07</p>		To be published on 10/28/08
United States 45522.0048	<p>GROW RESTORE NURTURE</p> <p>Class 3 - Non-medicated skin care preparations and hair care preparations</p> <p>Class 4 - Candles</p> <p>Class 5 - Medicated skin care and hair care preparations</p> <p>Class 32 - Bottled water</p> <p>Class 35 - Retail store services featuring skin care and hair care preparations, candles, CDs, DVDs, jewelry, books, magazines, yoga mats, furniture, home decor products, snack foods, tea and bottled water</p>	<p>PUBLISHED</p> <p>77/253,506</p> <p>08/13/07</p>		Published 07/08/08