

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
L.A. T Sportswear, Inc.		12/22/2011	CORPORATION: GEORGIA
RECEIVING PARTY DATA			
Name:	The Peninsula Fund V Limited Partnership		
Street Address:	500 Woodward Avenue		
Internal Address:	Suite 2800		
City:	Detroit		
State/Country:	MICHIGAN		
Postal Code:	48226		
Entity Type:	LIMITED PARTNERSHIP: DELAWARE		
PROPERTY NUMBERS Total: 9			
Property Type	Number	Word Mark	
Registration Number:	1705105	L.A. T SPORTSWEAR	
Registration Number:	1705104	L.A. T FOR KIDS	
Registration Number:	3005981	LAT	
Registration Number:	3258528	DOGGIE SKINS	
Registration Number:	3880517	L.A. T SPORTSWEAR EVERY BODY EVERY GENERATION	
Serial Number:	85297755	L.A. T SPORT	
Registration Number:	3327490	CODE V	
Serial Number:	85305063	SUBLIVIE	
Registration Number:	1318241	RABBIT SKINS	
CORRESPONDENCE DATA			
Fax Number:	(734)930-2494		
Phone:	734-761-3780		
Email:	asujek@bodmanlaw.com		

OP \$240.00 1705105

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.

Correspondent Name: Angela Alvarez Sujek - Bodman PLC
Address Line 1: 201 South Division, Ste. 400
Address Line 4: Ann Arbor, MICHIGAN 48104

NAME OF SUBMITTER:	Angela Alvarez Sujek
Signature:	/Angela Alvarez Sujek/
Date:	12/27/2011

Total Attachments: 16

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Security Agreement
(Intellectual Property) (L.A. T Sportswear, Inc.)

As of December 22, 2011, for value received, the undersigned (collectively, "Debtor") pledges, assigns and grants to the Peninsula Fund V Limited Partnership ("Lender"), whose address is 500 Woodward Avenue, Suite 2800, Detroit, Michigan 48226, Attention: Steven Beckett, a continuing security interest and lien (any pledge, assignment, security interest or other lien arising hereunder is sometimes referred to herein as a "security interest") in the Collateral (as defined below) to secure payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness ("Indebtedness") to the Lender of each Person who becomes a Company (as defined in the Note Agreement defined below) (individually and collectively, "Borrower") and/or Debtor. Indebtedness includes without limit any and all obligations or liabilities of the Borrower and/or Debtor to the Lender, whether absolute or contingent, direct or indirect, voluntary or involuntary, liquidated or unliquidated, joint or several, known or unknown, originally payable to the Lender or to a third party and subsequently acquired by the Lender including, without limitation, any late charges, loan fees or charges, and overdraft indebtedness, any and all obligations or liabilities for which the Borrower and/or Debtor would otherwise be liable to the Lender were it not for the invalidity or unenforceability of them by reason of any bankruptcy, insolvency or other law, or for any other reason; any and all amendments, modifications, renewals and/or extensions of any of the above; all costs incurred by Lender in establishing, determining, continuing, or defending the validity or priority of any security interest, or in pursuing its rights and remedies under this Agreement or under any other agreement between Lender and Borrower and/or Debtor or in connection with any proceeding involving Lender as a result of any financial accommodation to Borrower and/or Debtor; and all other costs of collecting Indebtedness, including without limit attorneys' fees, together with all "Senior Subordinated Obligations" as defined in the Note Agreement (as defined below). Debtor agrees to pay Lender all such costs incurred by the Lender, immediately upon demand, and until paid all costs shall bear interest at the highest per annum rate applicable to any of the Indebtedness, but not in excess of the maximum rate permitted by law. Any reference in this Agreement to attorneys' fees shall be deemed a reference to reasonable fees, costs, and expenses of outside counsel and paralegals, whether or not a suit or action is instituted, and to court costs if a suit or action is instituted, and whether attorneys' fees or court costs are incurred at the trial court level, on appeal, in a bankruptcy, administrative or probate proceeding or otherwise.

1. **Collateral** shall mean all of the following property Debtor now or later owns or has an interest in, wherever located:
 - (a) Any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret, now or hereafter existing, created, acquired or held, including without limitation those set forth on Exhibit A attached hereto (collectively, the "Copyrights");
 - (b) Any and all trade secrets, and any and all intellectual property rights in computer software and computer software products nor or hereafter existing, created, acquired or held;
 - (c) Any and all design rights which may be available to Debtor now or hereafter existing, created, acquired or held;
 - (d) All patents, patent applications and like protections including, without limitation, improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same, including without limitation the patents and patent applications set forth on Exhibit B attached hereto (collectively, the "Patents")
 - (e) Any trademark or servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Debtor connected with and symbolized by such trademarks, including without limitation those set forth on Exhibit C attached hereto (collectively, the "Trademarks");
 - (f) Any and all claims for damages by way of past, present and future infringement of any of the rights included above, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights identified above;

- (g) All licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights;
- (h) All amendments, extensions, renewals and extensions of any of the Copyrights, Trademarks or Patents; and
- (i) All proceeds and products of the foregoing, and any rights of any kind related thereto, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

2. **Representations, Warranties, Covenants and Agreements.** Debtor represents, warrants, covenants and agrees as follows:

- 2.1 Debtor shall furnish to Lender, in form and at intervals as Lender may request, any information Lender may reasonably request and allow Lender to examine, inspect, and copy any of Debtor's books and records. Debtor shall, at the request of Lender, mark its records and the Collateral to clearly indicate the security interest of Lender under this Agreement.
- 2.2 At the time any Collateral becomes, or is represented to be, subject to a security interest in favor of Lender, Debtor shall be deemed to have warranted that (a) Debtor is the lawful owner of the Collateral and has the right and authority to subject it to a security interest granted to Lender; (b) none of the Collateral is subject to any security interest other than that in favor of Lender and the Permitted Liens (as defined in the Note Agreement); (c) there are no financing statements on file, other than in favor of Lender or with respect to the Permitted Liens; and (d) Debtor acquired its rights in the Collateral in the ordinary course of its business.
- 2.3 Debtor will keep the Collateral free at all times from all claims, liens, security interests and encumbrances other than those in favor of Lender and the Permitted Liens. Debtor will not, without the prior written consent of Lender, sell, transfer or lease, or permit to be sold, transferred or leased, any or all of the Collateral, except for non-exclusive licenses granted by Debtor in the ordinary course of business.
- 2.4 Debtor will do all acts and will execute or cause to be executed all writings requested by Lender to establish, maintain and continue a second priority security interest of Lender in the Collateral, junior only to the security interest of Senior Lender (as defined in the Note Agreement) in the Collateral; provided, however, if and when the Senior Lender irrevocably releases its security interest in the Collateral, Debtor will establish, maintain and continue a perfected and first priority security interest of Lender in the Collateral, except in connection with a permitted refinancing. Debtor agrees that Lender has no obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Indebtedness, and Debtor is not relying upon assets in which the Lender may have a lien or security interest for payment of the Indebtedness.
- 2.5 Debtor will pay within the time that they can be paid without interest or penalty all taxes, assessments and similar charges which at any time are or may become a lien, charge, or encumbrance upon any Collateral, except to the extent contested in good faith and bonded in a manner satisfactory to Lender. If Debtor fails to pay any of these taxes, assessments, or other charges in the time provided above, Lender has the option (but not the obligation) to do so, and Debtor agrees to repay all amounts so expended by Lender immediately upon demand, together with interest at the highest lawful default rate which could be charged by Lender on any indebtedness.
- 2.6 Subject to the terms of the Subordination Agreement (as defined below), at any time after an Event of Default and thereafter without notice, Lender may (a) cause any or all of the Collateral to be transferred to its name or to the name of its nominees; (b) receive or collect by legal proceedings or otherwise all dividends, interest, principal payments and other sums and all other distributions at any time payable or receivable on account of the Collateral, and hold the same as Collateral, or apply the same to the Indebtedness, the manner and distribution of the application to be in the sole discretion of Lender; and (c) enter into any extension, subordination, reorganization, deposit, merger or consolidation agreement or any other agreement relating to or affecting the Collateral, and deposit or surrender control of the Collateral, and accept other property in exchange for the Collateral and hold or apply the property or money so received pursuant to this Agreement.

- 2.7 Lender may assign any of the Indebtedness and deliver any or all of the Collateral to its assignee, who then shall have with respect to Collateral so delivered all the rights and powers of Lender under this Agreement, and after that Lender shall be fully discharged from all liability and responsibility with respect to Collateral so delivered.
- 2.8 Debtor delivers this Agreement based solely on Debtor's independent investigation of (or decision not to investigate) the financial condition of Borrower and is not relying on any information furnished by Lender. Debtor assumes full responsibility for obtaining any further information concerning the Borrower's financial condition, the status of the Indebtedness or any other matter which the undersigned may deem necessary or appropriate now or later. Debtor waives any duty on the part of Lender, and agrees that Debtor is not relying upon nor expecting Lender to disclose to Debtor any fact now or later known by Lender, whether relating to the operations or condition of Borrower, the existence, liabilities or financial condition of any guarantor of the Indebtedness, the occurrence of any default with respect to the Indebtedness, or otherwise, notwithstanding any effect such fact may have upon Debtor's risk or Debtor's rights against Borrower. Debtor knowingly accepts the full range of risk encompassed in this Agreement, which risk includes without limit the possibility that Borrower may incur Indebtedness to Lender after the financial condition of Borrower, or Borrower's ability to pay debts as they mature, has deteriorated.
- 2.9 Debtor shall defend, indemnify and hold harmless Lender, its employees, agents, partners, affiliates, officers and directors from and against any and all claims, damages, fines, expenses, liabilities or causes of action of whatever kind, including without limit consultant fees, legal expenses, and attorneys' fees, suffered by any of them as a direct or indirect result of any actual or asserted violation of any law, including, without limit, any remediation relating to any property required by any law, **INCLUDING ANY CLAIMS, DAMAGES, FINES, EXPENSES, LIABILITIES OR CAUSES OF ACTION OF WHATEVER KIND RESULTING FROM LENDER'S OWN NEGLIGENCE**, except and to the extent (but only to the extent) caused by Lender's bad faith, gross negligence or willful misconduct.
- 2.10 Debtor is now and, with respect to Collateral acquired after the date hereof, will be the sole owner of the Collateral, except for non-exclusive licenses granted by Debtor to its customers in the ordinary course of business or as permitted by this Agreement, the Note Agreement or the Other Agreements (as defined in the Note Agreement).
- 2.11 Debtor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Collateral, except for non-exclusive licenses granted by Debtor to its customers in the ordinary course of business or as permitted by this Agreement or the Loan Documents. No Debtor has granted any license, shop right, release, covenant not to sue, or non-assertion assurance to any Person with respect to any part of the Collateral, except as set forth on Exhibits A, B and C or as otherwise disclosed to Lender in writing.
- 2.12 Except for the Trademark licenses, Patent licenses and Copyright licenses under which Debtor is a licensee, Debtor has no knowledge of the existence of any right or any claim (other than as provided by this Agreement) that is likely to be made under or against any item of Collateral, to the extent such claim could reasonably be expected to have a material adverse effect.
- 2.13 No consent of any party (other than Debtor) to any Patent license, Copyright license or Trademark license constituting Collateral is required, or purports to be required, to be obtained by or on behalf of Debtor in connection with the execution, delivery and performance of this Agreement that has not been obtained. Each Patent license, Copyright license and Trademark license constituting Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the Debtor and (to the knowledge of the Debtor) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent licenses, Copyright licenses or Trademark licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect. Neither the Debtor nor (to the knowledge of Debtor) any other party to any Patent license, Copyright license or Trademark license constituting Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse effect on the value of the Collateral. To the knowledge of Debtor, the right, title and interest of the Debtor

in, to and under each Patent license, Copyright license and Trademark license constituting Collateral is not subject to any defense, offset, counterclaim or claim.

- 2.14 Performance of this Agreement does not conflict with or result in a breach of any agreement to which Debtor is party or by which Debtor is bound, except to the extent that certain intellectual property agreements prohibit the assignment of the rights thereunder to a third party without the licensor's or other party's consent and this Agreement constitutes an assignment.
- 2.15 Each Trademark, Patent and Copyright of the Debtor is subsisting and has not been adjudged unregistrable, unpatentable or uncopyrightable (as applicable), invalid or unenforceable, in whole or in part, and, to the Debtor's knowledge, is registrable, patentable or copyrightable (as applicable), valid and enforceable, (ii) each of the Trademark licenses, Patent licenses and Copyright licenses of the debtor is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtor's knowledge, is valid and enforceable, and (iii) the Debtor has notified the Lender in writing of all uses of any item of the Collateral material to the Debtor's business of which the Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.
- 2.16 No claim has been made that the use by Debtor of any part of the Collateral is invalid or unenforceable or that any part of the Collateral violates the rights of any third party. To the Debtor's knowledge, there is no infringement or unauthorized use of any Patents, Trademarks or Copyrights.
- 2.17 Debtor shall deliver to Lender within thirty (30) days of the last day of each fiscal quarter, a report signed by Debtor, in form acceptable to Lender, listing any applications or registrations that Debtor has made or filed in respect of any patents, copyrights or trademarks and the status of any outstanding applications or registrations. Debtor shall promptly advise Lender of any material change in the composition of the Collateral, including but not limited to any subsequent ownership right of the Debtor in or to any Trademark, Patent or Copyright not specified in this Agreement.
- 2.18 Debtor shall (i) protect, defend and maintain the validity, enforceability and ownership of the Trademarks, Patents, Copyrights and licenses, and pursue each Trademark application, Patent application and Copyright application now listed on Exhibits A, B and C or hereafter identified, (ii) use its best efforts to detect infringements of the Trademarks, Patents and Copyrights and promptly advise Lender in writing of material infringements detected and take such actions as Debtor or Lender deems reasonably appropriate under the circumstances to protect such Collateral, and any expense incurred in connection with such activities shall be borne by the Debtor, (iii) not allow any Trademarks, Patents or Copyrights to be abandoned, forfeited or dedicated to the public without the written consent of Lender, which shall not be unreasonably withheld, and (iv) advise Lender promptly and in writing, in reasonable detail, of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding any material item of the Collateral.
- 2.19 Debtor shall register or cause to be registered with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, those additional intellectual property rights developed or acquired by Debtor from time to time in connection with any product prior to the sale or licensing of such product to any third party (including without limitation revisions or additions to the intellectual property rights listed on such Exhibits A, B and C). Debtor shall, from time to time, execute and file such other instruments, and take such further actions as Lender may reasonably request from time to time to perfect or continue the perfection of Lender's interest in the Collateral. Debtor shall mark (to the extent not already so marked) each such intellectual property product with the trademark registration symbol, copyright notices, the numbers of all appropriate patents, the common law trademark symbol or the designation "patent pending," as the case may be, to the extent that Debtor, in good faith, believes is reasonably and commercially practicable.
- 2.20 This Agreement creates, and in the case of after-acquired Collateral, this Agreement will create at the time Debtor first has rights in such after-acquired Collateral, in favor of Lender a valid second priority security interest in the Collateral (junior only to the security interest of Senior Lender in the Collateral) in the United States securing the payment and performance of the Senior Subordinated Obligations (as defined in the Note Agreement) upon making the filings referred to below.

- 2.21 Except for, and upon, the filing with the United States Patent and Trademark office with respect to the Patents and Trademarks and the Register of Copyrights with respect to the Copyrights necessary to perfect the security interests created hereunder, and except as has been already made or obtained, no authorization, approval or other action by, and no notice to or filing with, any U.S. governmental authority or U.S. regulatory body is required either (a) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Debtor in the U.S. or (b) for the perfection in the United States or the exercise by Lender of its rights and remedies hereunder;
- 2.22 All information heretofore, herein or hereafter supplied to Lender by or on behalf of Debtor with respect to the Collateral is accurate and complete in all material respects;
- 2.23 Debtor shall not enter into any agreement that would materially impair or conflict with Debtor's obligations hereunder without Lender's prior written consent. Debtor shall not permit the inclusion in any material contract to which it becomes a party of any provisions that could or might in any way prevent the creation of a security interest in Debtor's rights and interests in any property included within the definition of the Collateral acquired under such contracts, except that certain contracts may contain anti-assignment provisions that could in effect prohibit the creation of a security interest in such contracts if Debtor is required, in its commercially reasonable judgment to accept such provisions; and
- 2.24 Upon any executive officer of Debtor obtaining knowledge thereof, Debtor will promptly notify Lender in writing of any event that materially adversely affects the value of any of the Collateral, the ability of Debtor to dispose of any Collateral or the rights and remedies of Lender in relation thereto, including the levy of any legal process against any of the Collateral.

3. **Collection of Proceeds.** Debtor agrees to collect and enforce payment of all Collateral until Lender shall direct Debtor to the contrary. Immediately upon notice to Debtor by Lender (following the occurrence of an Event of Default) and at all times after that, Debtor agrees to fully and promptly cooperate and assist Lender in the collection and enforcement of all Collateral and to hold in trust for Lender all payments received in connection with Collateral and from the sale, lease or other disposition of any Collateral, all rights by way of suretyship or guaranty and all rights in the nature of a lien or security interest which Debtor now or later has regarding Collateral. Immediately upon and after such notice and subject to the terms of the Subordination Agreement, Debtor agrees to (a) endorse to Lender and immediately deliver to Lender all payments received on Collateral or from the sale, lease or other disposition of any Collateral or arising from any other rights or interests of Debtor in the Collateral, in the form received by Debtor without commingling with any other funds, and (b) immediately deliver to Lender all property in Debtor's possession or later coming into Debtor's possession through enforcement of Debtor's rights or interests in the Collateral. Debtor irrevocably authorizes Lender or any Lender employee or agent to endorse the name of Debtor upon any checks or other items which are received in payment for any Collateral, and to do any and all things necessary in order to reduce these items to money. Lender shall have no duty as to the collection or protection of Collateral or the proceeds of it, or as to the preservation of any related rights, beyond the use of reasonable care in the custody and preservation of Collateral in the possession of Lender. Debtor agrees to take all steps necessary to preserve rights against prior parties with respect to the Collateral. Nothing in this Section 3 shall be deemed a consent by Lender to any sale, lease or other disposition of any Collateral.

4. **Defaults, Enforcement and Application of Proceeds.**

- 4.1 Upon the occurrence of any of the following events (each an "Event of Default"), Debtor shall be in default under this Agreement:
 - (a) An Event of Default under and as defined in the Note Agreement; or
 - (b) Any failure or neglect to comply with, or breach of or default under, any term of this Agreement; or
 - (c) Any loss, theft, substantial damage or destruction to or of any Collateral, or the issuance or filing of any attachment, levy, garnishment or the commencement of any proceeding in connection with any Collateral or of any other judicial process of, upon or in respect of any Collateral.
- 4.2 Upon the occurrence of any Event of Default and subject to the terms of the Subordination Agreement, Lender may at its discretion and without prior notice to Debtor declare any or all of the Indebtedness to be

immediately due and payable, and shall have and may exercise any right or remedy available to it including, without limitation, any one or more of the following rights and remedies:

- (a) Exercise all the rights and remedies upon default, in foreclosure and otherwise, available to secured parties under the provisions of the Uniform Commercial Code and other applicable law;
- (b) Institute legal proceedings to foreclose upon the lien and security interest granted by this Agreement, to recover judgment for all amounts then due and owing as Indebtedness, and to collect the same out of any Collateral or the proceeds of any sale of it;
- (c) Institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any or all Collateral; and/or
- (d) Personally or by agents, attorneys, or appointment of a receiver, enter upon any premises where Collateral may then be located, and take possession of all or any of it and/or render it unusable; and without being responsible for loss or damage to such Collateral, hold, operate, sell, lease, or dispose of all or any Collateral at one or more public or private sales, leaseings or other dispositions, at places and times and on terms and conditions as Lender may deem fit, without any previous demand or advertisement; and except as provided in this Agreement, all notice of sale, lease or other disposition, and advertisement, and other notice or demand, any right or equity of redemption, and any obligation of a prospective purchaser or lessee to inquire as to the power and authority of Lender to sell, lease, or otherwise dispose of the Collateral or as to the application by Lender of the proceeds of sale or otherwise, which would otherwise be required by, or available to Debtor under, applicable law are expressly waived by Debtor to the fullest extent permitted.
- (e) Use and enjoy a nonexclusive, royalty-free license to use any of the Collateral.

At any sale pursuant to this Section 4.2, whether under the power of sale, by virtue of judicial proceedings or otherwise, it shall not be necessary for Lender or a public officer under order of a court to have present physical or constructive possession of Collateral to be sold. The recitals contained in any conveyances and receipts made and given by Lender or the public officer to any purchaser at any sale made pursuant to this Agreement shall, to the extent permitted by applicable law, conclusively establish the truth and accuracy of the matters stated (including, without limit, as to the amounts of the principal of and interest on the Indebtedness, the accrual and nonpayment of it and advertisement and conduct of the sale); and all prerequisites to the sale shall be presumed to have been satisfied and performed. Upon any sale of any Collateral, the receipt of the officer making the sale under judicial proceedings or of Lender shall be sufficient discharge to the purchaser for the purchase money, and the purchaser shall not be obligated to see to the application of the money. Any sale of any Collateral under this Agreement shall be a perpetual bar against Debtor with respect to that Collateral. At any sale or other disposition of Collateral pursuant to this Section 4.2, Lender disclaims all warranties which would otherwise be given under the Uniform Commercial Code, including without limit a disclaimer of any warranty relating to title, possession, quiet enjoyment or the like, and Lender may communicate these disclaimers to a purchaser at such disposition. This disclaimer of warranties will not render the sale commercially unreasonable.

4.3 The proceeds of any sale or other disposition of Collateral authorized by this Agreement shall be applied by Lender in such order as the Lender, in its discretion, deems appropriate including, without limitation, the following order: first upon all expenses authorized by the Uniform Commercial Code and all reasonable attorneys' fees and legal expenses incurred by Lender; the balance of the proceeds of the sale or other disposition shall be applied in the payment of the Indebtedness, first to interest, then to principal, then to remaining Indebtedness and the surplus, if any, shall be paid over to Debtor or to such other person(s) as may be entitled to it under applicable law. Debtor shall remain liable for any deficiency, which it shall pay to Lender immediately upon demand.

4.4 Nothing in this Agreement is intended, nor shall it be construed, to preclude Lender from pursuing any other remedy provided by law or in equity for the collection of the Indebtedness or for the recovery of any other sum to which Lender may be entitled for the breach of this Agreement by Debtor. Nothing in this Agreement shall reduce or release in any way any rights or security interests of Lender contained in any existing agreement between Borrower, Debtor, or any guarantor of the Indebtedness and Lender.

- 4.5 No waiver of default or consent to any act by Debtor shall be effective unless in writing and signed by an authorized officer of Lender. No waiver of any default or forbearance on the part of Lender in enforcing any of its rights under this Agreement shall operate as a waiver of any other default or of the same default on a future occasion or of any rights.
- 4.6 Debtor irrevocably appoints Lender or any agent of Lender (which appointment is coupled with an interest) the true and lawful attorney of Debtor (with full power of substitution) in the name, place and stead of, and at the expense of, Debtor and (b) authorizes Lender or any agent of Lender, in its own name, at Debtor's expense, to do any of the following, as Lender, in its sole discretion, deems appropriate:
- (a) (i) upon the occurrence of an Event of Default to demand, receive, sue for, and give receipts or acquittances for any moneys due or to become due on any Collateral and to endorse any item representing any payment on or proceeds of the Collateral;
 - (b) to execute and file in the name of and on behalf of Debtor all financing statements or other filings deemed necessary or desirable by Lender to evidence, perfect, or continue the security interests granted in this Agreement, and Debtor further authorizes and requests that the Register of Copyrights and the Commissioner of Patents and Trademarks record this Security Agreement; and
 - (c) to do and perform any act on behalf of Debtor permitted or required under this Agreement.
 - (d) to modify, in its sole discretion, this Security Agreement without first obtaining Debtor's approval of or signature to such modification by amending Exhibit A, Exhibit B and Exhibit C hereof, as appropriate, to include reference to any right, title or interest in any Copyrights, Patents or Trademarks acquired by Debtor after the execution hereof or to delete any reference to any right, title or interest in any Copyrights, Patents or Trademarks in which Debtor no longer has or claims any right, title or interest.
- 4.7 Upon the occurrence of an Event of Default, Debtor also agrees, upon request of Lender, to assemble the Collateral and make it available to Lender at any place designated by Lender which is reasonably convenient to Lender and Debtor.
- 4.8 The following shall be the basis for any finder of fact's determination of the value of any Collateral which is the subject matter of a disposition giving rise to a calculation of any surplus or deficiency under Section 9-615 (f) of the Uniform Commercial Code (as in effect on or after July 1, 2001): (a) the Collateral which is the subject matter of the disposition shall be valued in an "as is" condition as of the date of the disposition, without any assumption or expectation that such Collateral will be repaired or improved in any manner; (b) the valuation shall be based upon an assumption that the transferee of such Collateral desires a resale of the Collateral for cash promptly (but no later than 30 days) following the disposition; (c) all reasonable closing costs customarily borne by the seller in commercial sales transactions relating to property similar to such Collateral shall be deducted including, without limitation, brokerage commissions, tax prorations, attorneys' fees, whether inside or outside counsel is used, and marketing costs; (d) the value of the Collateral which is the subject matter of the disposition shall be further discounted to account for any estimated holding costs associated with maintaining such Collateral pending sale (to the extent not accounted for in (c) above), and other maintenance, operational and ownership expenses; and (e) any expert opinion testimony given or considered in connection with a determination of the value of such Collateral must be given by persons having at least 5 years experience in appraising property similar to the Collateral and who have conducted and prepared a complete written appraisal of such Collateral taking into consideration the factors set forth above. The "value" of any such Collateral shall be a factor in determining the amount of proceeds which would have been realized in a disposition to a transferee other than a secured party, a person related to a secured party or a secondary obligor under Section 9-615(f) of the Uniform Commercial Code.

5. **Miscellaneous.**

- 5.1 Until Lender is advised in writing by Debtor to the contrary, all notices, requests and demands required under this Agreement or by law shall be given to, or made upon, Debtor at the first address indicated in Section 5.15 below.

- 5.2 Debtor will give Lender not less than 90 days prior written notice of all contemplated changes in Debtor's name, chief executive office location, principal place of business location, and/or location of any Collateral, but the giving of this notice shall not cure any Event of Default caused by this change.
- 5.3 Lender assumes no duty of performance or other responsibility under any contracts contained within the Collateral.
- 5.4 Lender has the right to sell, assign, transfer, negotiate or grant participations or any interest in, any or all of the Indebtedness and any related obligations, including without limit this Agreement. In connection with the above, but without limiting its ability to make other disclosures to the full extent allowable, Lender may disclose all documents and information which Lender now or later has relating to Debtor, the Indebtedness or this Agreement, however obtained. Debtor further agrees that Lender may provide information relating to this Agreement or relating to Debtor or the Indebtedness to the Lender's parent, affiliates, subsidiaries, and service providers.
- 5.5 In addition to Lender's other rights, any indebtedness owing from Lender to Debtor can be set off and applied by Lender on any Indebtedness at any time(s) either before or after maturity or demand without notice to anyone. Any such action shall not constitute acceptance of Collateral in discharge of any portion of the Indebtedness.
- 5.6 Debtor, to the extent not expressly prohibited by applicable law, waives any right to require the Lender to: (a) proceed against any person or property; (b) give notice of the terms, time and place of any public or private sale of personal property security held from Borrower or Debtor or any other person, or otherwise comply with the provisions of Sections 9-611 or 9-621 of the Uniform Commercial Code; or (c) pursue any other remedy in the Lender's power. Debtor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Indebtedness, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Indebtedness, and agree(s) that the Lender may, once or any number of times, modify the terms of any Indebtedness, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any or all Indebtedness, or permit Borrower to incur additional Indebtedness, all without notice to Debtor and without affecting in any manner the unconditional obligation of Debtor under this Agreement. Debtor unconditionally and irrevocably waives each and every defense and setoff of any nature which, under principles of guaranty or otherwise, would operate to impair or diminish in any way the obligation of Debtor under this Agreement, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from Debtor now or later securing the Indebtedness, and acknowledges that as of the date of this Agreement no such defense or setoff exists.
- 5.7 Debtor waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from Borrower any amounts paid or the value of any Collateral given by Debtor pursuant to this Agreement until such time as all of the Indebtedness has been fully paid.
- 5.8 In the event that applicable law shall obligate Lender to give prior notice to Debtor of any action to be taken under this Agreement, Debtor agrees that a written notice given to Debtor at least ten business days before the date of the act shall be reasonable notice of the act and, specifically, reasonable notification of the time and place of any public sale or of the time after which any private sale, lease, or other disposition is to be made, unless a shorter notice period is reasonable under the circumstances. A notice shall be deemed to be given under this Agreement when delivered to Debtor or when placed in an envelope addressed to Debtor and deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service or delivered to an overnight courier. The mailing shall be by overnight courier, certified, or first class mail.
- 5.9 Notwithstanding any prior revocation, termination, surrender, or discharge of this Agreement in whole or in part, the effectiveness of this Agreement shall automatically continue or be reinstated in the event that any payment received or credit given by Lender in respect of the Indebtedness is returned, disgorged, or rescinded under any applicable law, including, without limitation, bankruptcy or insolvency laws, in which case this Agreement, shall be enforceable against Debtor as if the returned, disgorged, or rescinded payment or credit had not been received or given by Lender, and whether or not Lender relied upon this payment or credit or changed its position as a consequence of it. In the event of continuation or reinstatement of this Agreement, Debtor agrees upon demand by Lender to execute and deliver to Lender

those documents which Lender determines are appropriate to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of Debtor to do so shall not affect in any way the reinstatement or continuation.

- 5.10 This Agreement and all the rights and remedies of Lender under this Agreement shall inure to the benefit of Lender's successors and assigns and to any other holder who derives from Lender title to or an interest in the Indebtedness or any portion of it, and shall bind Debtor and the heirs, legal representatives, successors, and assigns of Debtor. Nothing in this Section 5.10 is deemed a consent by Lender to any assignment by Debtor.
- 5.11 If there is more than one Debtor, all undertakings, warranties and covenants made by Debtor and all rights, powers and authorities given to or conferred upon Lender are made or given jointly and severally.
- 5.12 Except as otherwise provided in this Agreement, all terms in this Agreement have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the Uniform Commercial Code, as those meanings may be amended, revised or replaced from time to time. "Uniform Commercial Code" means Act No. 174 of the Michigan Public Acts of 1962, as amended, revised or replaced from time to time, including without limit as amended by Act No. 348 of the Michigan Public Acts of 2000. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the Uniform Commercial Code have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the Uniform Commercial Code in effect on the date of this Agreement, then such term, as used herein, shall be given such broadened meaning. If the Uniform Commercial Code shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the Uniform Commercial Code in effect on the date of this Agreement, such amendment or holding shall be disregarded in defining terms used in this Agreement.
- 5.13 No single or partial exercise, or delay in the exercise, of any right or power under this Agreement, shall preclude other or further exercise of the rights and powers under this Agreement. The unenforceability of any provision of this Agreement shall not affect the enforceability of the remainder of this Agreement. This Agreement constitutes the entire agreement of Debtor and Lender with respect to the subject matter of this Agreement. No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by Debtor and an authorized officer of Lender. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MICHIGAN, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.
- 5.14 To the extent that any of the indebtedness is payable upon demand, nothing contained in this Agreement shall modify the terms and conditions of that indebtedness nor shall anything contained in this Agreement prevent Lender from making demand, without notice and with or without reason, for immediate payment of any or all of that indebtedness at any time(s), whether or not an Event of Default has occurred.
- 5.15 Debtor represents and warrants that Debtor's exact name is the name set forth in this Agreement. Debtor further represents and warrants the following and agrees that Debtor is, and at all times shall be, located in the following place:
- Debtor is an individual, and Debtor is located (as determined pursuant to the Uniform Commercial Code) at Debtor's principal residence which is (street address, state and county or parish): _____
 - Debtor is a registered organization which is organized under the laws of one of the states comprising the United States (e.g. corporation, limited partnership, registered limited liability partnership or limited liability company), and Debtor is located (as determined pursuant to the Uniform Commercial Code) in the state under the laws of which it was organized, which is state: **Georgia**.
 - Debtor is a domestic organization which is not a registered organization under the laws of the United States or any state thereof (e.g. general partnership, joint venture, trust, estate or association), and Debtor is located (as determined pursuant to the Uniform Commercial Code) at its sole place of business or, if it has more than one place of business, at its chief executive office, which is (street address, state and county or parish): _____

- Debtor is a registered organization organized under the laws of the United States, and Debtor is located in the state that United States law designates as its location or, if United States law authorizes the Debtor to designate the state for its location, the state designated by Debtor, or if neither of the foregoing are applicable, at the District of Columbia. Based on the foregoing, Debtor is located (as determined pursuant to the Uniform Commercial Code) at (state): _____.
- Debtor is a foreign individual or foreign organization or a branch or agency of a bank that is not organized under the laws of the United States or a state thereof. Debtor is located (as determined pursuant to the Uniform Commercial Code) at (street address, state and county or parish): _____.

Debtor's chief executive office and its principal place of business is located and shall be maintained at:

1200 Airport Drive
STREET ADDRESS

Ball Ground Georgia 30107
CITY STATE ZIP CODE COUNTY

Collateral shall be maintained only at the locations identified in this Section 5.15.

- 5.16 A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement under the Uniform Commercial Code and may be filed by Lender in any filing office.
- 5.17 This Agreement shall be terminated only by the filing of a termination statement in accordance with the applicable provisions of the Uniform Commercial Code, but the obligations contained in Section 2.13 of this Agreement shall survive termination.
6. **DEBTOR AND LENDER ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. EACH PARTY, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE INDEBTEDNESS.**
7. **Special Provisions Applicable to this Agreement.**
- 7.1 "Note Agreement" shall mean that certain Note Purchase Agreement dated as of the date hereof by and between the Debtor, the Borrowers and Lender, as may be amended, restated or replaced from time to time.
- 7.2 This Agreement is subject to the terms and conditions of the Senior Subordination Agreement, dated of even date herewith, among Debtor, Senior Lender and Lender (as amended, supplemented, or otherwise modified from time to time) (the "Subordination Agreement"). To the extent there is a conflict between the terms and conditions of this Agreement and the terms and conditions set forth in (i) the Subordination Agreement, and/or (ii) the Security Agreement (Intellectual Property), dated at even date herewith, among Debtor, Borrower and Senior Lender (as amended, supplemented, or otherwise modified from time to time) (the "Senior Security Agreement"), the provisions of the Subordination Agreement and/or the Senior Security Agreement shall apply.

[Remainder of Page Intentionally Left Blank]

Debtor:

L.A. T SPORTSWEAR, INC.

By: 

Name: Gina Watson
Its: President

Companies' Address for Notices:

L.A. T Sportswear, Inc.
1200 Airport Drive
Ball Ground, GA 30107
Attn: Chief Financial Officer
Facsimile: (770) 479-4078
Email: Mickie@latsportswear.com

with a copy to:

Goodwin Procter LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
Attn: Bruce Rader, Esq.
Facsimile: (212) 355-3333
Email: brader@goodwinprocter.com

LENDER:

THE PENINSULA FUND V LIMITED
PARTNERSHIP

By: Peninsula Fund V Management L.L.C.
Its: General Partner

By: Peninsula Capital Partners L.L.C.
Its: Manager

By: 

Scott A. Reilly
President and Chief Investment Officer

Signature Page to Security Agreement (Intellectual Property)

TRADEMARK
REEL: 004687 FRAME: 0403





**EXHIBIT A
COPYRIGHTS**



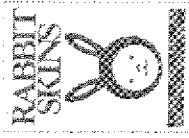

None.

**EXHIBIT B
PATENTS**

None.

EXHIBIT C
TRADEMARKS

Docket No.	Country	Full Mark	Application No.	Application Date	Registration No.	Registration Date
042702.002	United States		74/143120	02/28/1991	1,705,105	08/04/1992
042702.004	United States		74/143,107	02/28/1991	1,705,104	08/04/1992
042702.007	United States		78/47776	09/2/2004	3,005,981	10/11/2005
042702.011	United States		78/960268	08/25/2006	3,258,528	07/03/2007

Docket No.	Country	Full Mark	Application No.	Application Date	Registration No.	Registration Date
042702.014	United States		77/595013	10/17/2008	3,880,517	11/23/2010
Pending	United States		85297755	18-APR-2011		
042702.010	United States	CODE V	78/834051	03/10/2006	3,327,490	10/30/2007
Pending	United States	SUBLIVIE	85305063	26-APR-2011		
042702.005	United States	 Formerly: 	73/422,521	04/021/1983	1,318,241	02/05/1985

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