

9-3-99

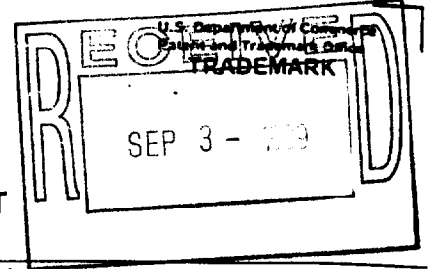
FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

09-09-1999



101139477

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

09/09/1999 NTHA11 00000069 2104930

01 FC:481

40.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

REEL: 001954 FRAME: 0542

Domestic Representative Name and Address Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s) Mark if additional numbers attached
Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)	Registration Number(s)
	1 United States Trademark Registration as indicated on Schedule A to Recordation Form Cover Sheet

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

James F. Donato

Name of Person Signing Signature Date Signed

SCHEDULE A TO RECORDATION FORM COVER SHEET

THE COSMETIC FACTORY, INC.

TRADEMARKS

Trademark Registrations

Trademark

Registration No.

1. THE COSMETICS FACTORY 2,104,930

AMENDED AND RESTATED
INTELLECTUAL PROPERTY SECURITY AGREEMENT

THIS AMENDED AND RESTATED INTELLECTUAL PROPERTY SECURITY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement") dated as of June 1, 1999, by and among **THE COSMETIC FACTORY, INC.**, a New York corporation (with its successors and permitted assigns, the "Grantor"), and CRÉDIT AGRICOLE INDOSUEZ ("Indosuez"), in its capacity as collateral agent for the Lenders (as defined below) (in such capacity, the "Collateral Agent") under that certain Amended and Restated Credit Agreement dated as of June 1, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among the Grantor, AM Products Company, a Delaware corporation, AM Cosmetics Corp., a Delaware corporation, Color Sync Corp., a Delaware corporation, R.H. Cosmetics Corp., a New York corporation, Pavion Limited, a New York corporation, Pavcom, Inc., a New York corporation, Lord & Berry, Ltd., a New York corporation, Jonel, Inc., an Illinois corporation, PAM Asset Management Company, Inc., a New Jersey corporation, QQQ Management Corp., a New York corporation, Pavion Cosmetics Limited, a New York corporation, the financial institutions from time to time party thereto as lenders, (the "Lenders"), and Indosuez, in its capacity as administrative agent for the Lenders and as Collateral Agent. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. This Agreement amends and restates the Intellectual Property Security Agreement dated as of June 30, 1997 (as such agreement has been amended, modified and supplemented from time to time prior to the Effective Date being referred to as the "Existing Agreement") between the Grantor and the Collateral Agent.

WITNESSETH:

WHEREAS, the Grantor and the Collateral Agent are parties to that certain Amended and Restated Security Agreement of even date herewith (as the same may hereafter be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), pursuant to which the Grantor has granted a security interest in certain of its assets to the Collateral Agent for the ratable benefit of (a) the Agents, the Lenders, the Issuing Bank and the other Holders and (b) the holders of the Subordinated Obligations (as defined below); and

WHEREAS, in order to secure the prompt and complete payment, observance and performance of (i) all of the Obligations; (ii) all of the obligations under the Senior Subordinated Notes (the "Subordinated Obligations"); and (iii) all of the Grantor's obligations and liabilities hereunder and in connection herewith (all the Obligations and such obligations and liabilities hereunder being hereinafter referred to collectively as the "Liabilities"), the Agents and the Lenders have required as a condition, among others, to entering into the Credit Agreement that the Grantor execute and deliver this Agreement;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms.

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Credit Agreement shall have the meaning specified for such term in the Credit Agreement.

(b) The words "hereby," "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Grant of Security Interest in Intellectual Property. To secure the complete and timely payment, performance and satisfaction of all of the Liabilities, the Grantor hereby grants to the Collateral Agent, for the ratable benefit of the Agents, the Lenders, the Issuing Bank, the other Holders and the holders of the Subordinated Obligations a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all of the Grantor's now owned and hereafter acquired:

(a) trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications listed on Schedule A attached hereto and made a part hereof, and (i) all renewals thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (iii) the right to sue for past, present and future infringements and dilutions thereof, (iv) the goodwill of the Grantor's business symbolized by the foregoing and connected therewith, and (v) all of the Grantor's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in clauses (i)-(v) in this paragraph 3(a), are sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

(b) patents and material patent applications, and the inventions and improvements described and claimed therein, including, without limitation, those patents and material patent applications listed on Schedule A attached hereto and made a part hereof, and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, (iv) all patented technology and know-how, and (v) all of the Grantor's rights corresponding thereto throughout the world (all of the foregoing patents and material applications, together with the items described in clauses (i)-(v) in this paragraph 3(b) are sometimes hereinafter individually and/or collectively referred to as the "Patents");

(c) copyrights, whether or not published or registered under the Copyright Act of 1976, 17 U.S.C. §101 et seq., as the same shall be amended from time to time, and any predecessor or successor statute thereto, and applications for registration of copyrights, and all works of authorship and other intellectual property rights therein, including, without limitation, copyrights for computer programs, source code and object code data bases and related materials and documentation and including, without limitation, the registered copyrights and copyright applications listed on Schedule A attached hereto and made a part hereof, and (i) all renewals, revisions, derivative works, enhancements, modifications, updates, new releases or other revisions thereof, (ii) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (iii) the right to sue for past, present and future infringements thereof, (iv) the goodwill of Grantor's business symbolized by the foregoing and connected therewith, and (v) all of the Grantor's rights corresponding thereto throughout the world (all of the foregoing copyrights and applications, together with the items described in clauses (i)-(v) of this paragraph 3(c), being sometimes hereinafter individually and/or collectively referred to as the "Copyrights");

(d) rights under or interest in any trademark license agreements, service mark agreements, patent license agreements or copyright license agreements with any other party, whether the Grantor is a licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements, service mark agreements, patent license agreements and copyright license agreements listed on Schedule B attached hereto and made a part hereof, in each case to the extent assignable without violation thereof, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by the Grantor and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses").

(e) copyrightable materials now or hereafter owned by the Grantor, all tangible property embodying the Copyrights or such copyrightable materials, and all tangible property covered by the Licenses.

The Grantor hereby authorizes the Collateral Agent to file this Agreement, or a duplicate thereof, with the United States Patent and Trademark Office and the United States Copyright Office or with any other authority the Collateral Agent deems appropriate, and the Grantor agrees to cooperate with the Collateral Agent as the Collateral Agent may request in order to effectuate such filing or filings.

4. Restrictions on Future Agreements. The Grantor agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which could reasonably be expected to have a material adverse effect on the validity or enforcement of the rights collaterally assigned to the Collateral Agent under this Agreement or the rights associated with any material Trademarks, Patents, Copyrights or Licenses, and in particular, the Grantor will not permit to lapse or become abandoned, any Trademark, Patent, Copyright or License if such lapse or abandonment could reasonably be expected to have a Material Adverse Effect.

5. New Trademarks, Patents, Copyrights and Licenses. The Grantor represents and warrants that, as of the Effective Date, to the best of its knowledge, after reasonable inquiry, (a) the Trademarks, Patents, Copyrights listed on Schedule A include all of the trademarks, common law trademarks,

registered service marks, service mark applications, patents, material patent applications, copyrights and copyright applications now owned or held by the Grantor, (b) the Licenses listed on Schedule B include all of the trademark license agreements, service mark license agreements, patent license agreements and copyright license agreements under which the Grantor is the licensee or licensor which are material individually or in the aggregate to the operation of the business of the Grantor and (c) other than the rights of any party to the Licenses with respect to the Trademarks, Patents, Copyrights, no liens, claims or security interests in such Trademarks, Patents, Copyrights and Licenses have been granted by the Grantor to any Person other than the Collateral Agent. If, prior to the termination of this Agreement, the Grantor shall (i) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks, service mark applications, patentable inventions, copyrights, registered copyrights or copyright applications, (ii) become entitled to the benefit of any trademark, trademark application, service mark, service mark application, patent, patent application, copyright, copyright application, license or any reissue, division, continuation, renewal, extension or continuation-in-part of any Trademark, Patent or Copyright or any improvement on any Trademark, Patent, Copyright or License, or any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses, service mark license renewals, patentable invention, copyrights, copyright applications, copyright licenses or copyright renewals, whether as licensee or licensor, or (iii) enter into any new trademark license agreement, service mark license agreement, patent license agreement or copyright license agreement where the Grantor is the licensee, the provisions of paragraph 3 above shall automatically apply thereto (but only to the extent such licenses are assignable without violation thereof, it being understood and agreed that the Grantor shall use commercially reasonable efforts to insure that such licenses are assignable for security purposes). The Grantor shall give to the Collateral Agent written notice of events described in clauses (i), (ii) and (iii) of the preceding sentence not less frequently than on an annual basis. The Grantor hereby authorizes the Collateral Agent to modify this Agreement unilaterally (i) by amending Schedule A to include any future registered trademarks, common law trademarks, trademark applications, registered service marks, service mark applications, patents, material patent applications, copyrights and copyright applications owned or held by the Grantor, and by amending Schedule B to include any trademark license agreements, service mark license agreements, patent license agreements or copyright license agreements (A) to which the Grantor becomes a party and (B) which are Trademarks, Patents, Copyrights or Licenses under paragraph 3 above or under this paragraph 5, and (ii) by filing, in addition to and not in substitution for this Agreement, either a duplicate original of, or a Notice of Amendment to, this Agreement containing on Schedule A or B thereto, as the case may be, such future trademarks, trademark applications, service marks, service mark applications, patents, material patent applications, copyrights, copyright applications and license agreements.

6. Royalties. The Grantor hereby agrees that when an Event of Default has occurred and is continuing the use by the Collateral Agent of the Trademarks, Patents, Copyrights and Licenses as authorized hereunder in connection with the Collateral Agent's exercise of its rights and remedies under paragraph 14 or pursuant to Section 7 of the Security Agreement shall be coextensive with the Grantor's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Collateral Agent, the Agents, the Lenders, the Issuing Bank or the other Holders to the Grantor.

7. Further Assignments and Security Interests. Except as permitted under Section 9.02 of the Credit Agreement, the Grantor agrees not to sell or assign its respective interests in, or grant any license under, the Trademarks, Patents, Copyrights or the Licenses without the prior and express written consent of the Collateral Agent.

8. Nature and Continuation of the Collateral Agent's Security Interest; Termination of the Collateral Agent's Security Interest; Release of Collateral.

(a) This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks, Patents, Copyrights and Licenses and shall terminate only when the Liabilities have been paid in full in cash and the Credit Agreement has been terminated; provided, however, that in the event that the Obligations are paid in full with the proceeds of a refinancing, the security interest granted hereunder securing the Subordinated Obligations shall automatically terminate upon payment in full in cash of the Obligations with such proceeds. Upon such termination and at the written request of the Grantor or its successors or assigns, and at the cost and expense of the Grantor or its successors or assigns, the Collateral Agent shall execute in a timely manner such instruments, documents or agreements as are necessary or desirable to terminate the Collateral Agent's security interest in the Trademarks, Patents, Copyrights and the Licenses, subject to any disposition thereof which may have been made by the Collateral Agent pursuant to this Agreement or the Security Agreement.

(b) Notwithstanding anything in this Agreement to the contrary, the Grantor may, to the extent permitted by Section 9.02 of the Credit Agreement sell, assign, transfer or otherwise dispose of any Trademarks, Patents, Copyrights or any Licenses. In addition, the Trademarks, Patents, Copyrights and Licenses shall be subject to release from time to time (with the Trademarks, Patents, Copyrights and Licenses referred to in the immediately preceding sentence, the "Released Collateral") in accordance with Section 12.09(b) of the Credit Agreement. The Liens under this Agreement shall terminate with respect to the Released Collateral upon such sale, transfer, assignment, disposition or release, and upon the request of the Grantor, the Collateral Agent shall execute and deliver such instrument or document as may be necessary to release the Liens granted hereunder; provided, however, that (i) the Collateral Agent shall not be required to execute any such documents on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Liabilities or any Liens on (or obligations of the Grantor in respect of) all interests retained by the Grantor, including without limitation, the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

9. Duties of the Grantor. The Grantor shall have the duty, to the extent desirable in the normal conduct of the Grantor's business, to: (i) prosecute diligently any material trademark application, service mark application, patent application or copyright application that is part of the Trademarks, Patents, Copyrights pending as of the date hereof or hereafter until the termination of this Agreement, and (ii) make application for and diligently prosecute the registration of (x) any trademark or service mark used or adopted by the Grantor, (y) any unpatented but patentable inventions and (z) any uncopyrighted but copyrightable material. The Grantor further agrees (i) not to abandon any Trademark, Patent, Copyright or License if such abandonment could reasonably be expected to have a Material Adverse Effect without the prior written consent of the Collateral Agent, and (ii) to use its reasonable best efforts to obtain and maintain in full force and effect the Trademarks, Patents, Copyrights and the Licenses that are or shall be necessary or economically desirable in the operation of the Grantor's business. Any expenses incurred in connection with the foregoing shall be borne by the Grantor. None of the Agents or the Lenders shall have any duty with respect to the Trademarks, Patents, Copyrights and Licenses. Without limiting the generality of the foregoing, none of the Agents or the Lenders shall be under any obligation to take any steps necessary to preserve rights in the Trademarks, Patents, Copyrights or Licenses against any other parties, but the Collateral Agent may do so at its option from and after the occurrence of an Event of Default, and all

expenses incurred in connection therewith shall be for the sole account of the Grantor and shall be added to the Liabilities secured hereby.

10. The Collateral Agent's Right to Sue. From and after the occurrence of an Event of Default, the Collateral Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks, Patents, Copyrights and the Licenses and, if the Collateral Agent shall commence any such suit, the Grantor shall, at the request of the Collateral Agent, do any and all lawful acts and execute any and all proper documents required by the Collateral Agent in aid of such enforcement. The Grantor shall, upon demand, promptly reimburse the Collateral Agent for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this paragraph 10 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Collateral Agent).

11. Amendments, Waivers and Consents. None of the terms or provisions of this Agreement may be waived, altered, modified or amended, and no consent to any departure by the Grantor herefrom shall be effective, except by or pursuant to an instrument in writing which (i) is duly executed by the Grantor and the Collateral Agent and (ii) complies with the requirements of the Credit Agreement. Any such waiver shall be valid only to the extent set forth therein. A waiver by the Collateral Agent of any right or remedy under this Agreement on any one occasion shall not be construed as a waiver of any right or remedy which the Collateral Agent would otherwise have on any future occasion. No failure to exercise or delay in exercising any right, power or privilege under this Agreement on the part of the Collateral Agent shall operate as a waiver thereof; and no single or partial exercise of any right, power or privilege under this Agreement shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

12. Severability. If any provision of this Agreement is held to be prohibited or unenforceable in any jurisdiction the substantive laws of which are held to be applicable hereto, such prohibition or unenforceability shall not affect the validity or enforceability of the remaining provisions hereof and shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 6 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney. The Grantor hereby irrevocably designates, constitutes and appoints the Collateral Agent (and all Persons designated by the Collateral Agent in its sole and absolute discretion) as the Grantor's true and lawful attorney-in-fact, and authorizes the Collateral Agent and any of the Collateral Agent's designees, in the Grantor's or the Collateral Agent's name, to take any action and execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, from and after the occurrence of an Event of Default and the giving by the Collateral Agent of notice to the Grantor of the Collateral Agent's intention to enforce its rights and claims against the Grantor, to (i) endorse the Grantor's name on all applications, documents, papers and instruments necessary or desirable for the Collateral Agent in the use, prosecution or protection of the Trademarks, Patents, Copyrights or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks, Patents, Copyrights or the Licenses to anyone on commercially reasonable terms (but subject to the terms thereof), (iii) grant or issue any exclusive or nonexclusive license under the Trademarks, Patents, Copyrights or under the Licenses, to anyone on commercially reasonable terms (but only, in the case of Licenses, to the extent permitted under such Licenses) and (iv) take any other actions with respect to the Trademarks, Patents, Copyrights or the Licenses as the Collateral Agent deems in its own best interest or in the best interest of the Agents or the Lenders. The

Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all of the Obligations shall have been paid in full in cash and the Credit Agreement shall have been terminated. The Grantor acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Collateral Agent, the other Agents or the Lenders under the Loan Documents, but rather is intended to facilitate the exercise of such rights and remedies.

The Collateral Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks, Patents, Copyrights or the Licenses may be located or deemed located. Upon the occurrence of an Event of Default and the election by the Collateral Agent to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Trademarks, Patents, Copyrights and Licenses, the Grantor agrees to assign, convey and otherwise transfer title in and to the Trademarks, Patents, Copyrights and the Licenses to the Collateral Agent or any transferee of the Collateral Agent and to execute and deliver to the Collateral Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Collateral Agent's sole discretion exercised in a commercially reasonable manner, to effect such assignment, conveyance and transfer. All of the Collateral Agent's rights and remedies with respect to the Trademarks, Patents, Copyrights and the Licenses, whether established hereby, by the Security Agreement, by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that upon the occurrence of an Event of Default, the Collateral Agent may exercise any of the rights and remedies provided in this Agreement, the Security Agreement and any of the other Loan Documents. The Grantor agrees that any notification of intended disposition of any of the Trademarks, Patents, Copyrights and Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition; provided, however, that the Collateral Agent may give any shorter notice that is commercially reasonable under the circumstances.

15. Successors and Assigns. This Agreement shall be binding upon the Grantor and its successors and assigns, and shall inure to the benefit of each of the Agents and the Lenders, and each of all of their nominees, successors and assigns. The Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for the Grantor; provided, however, that the Grantor shall not voluntarily assign or transfer its rights or obligations hereunder without the Collateral Agent's prior written consent.

16. **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCEPT FOR PERFECTION AND ENFORCEMENT OF SECURITY INTERESTS AND LIENS IN OTHER JURISDICTIONS WHICH SHALL BE GOVERNED BY THE LAWS OF THOSE JURISDICTIONS.**

17. Notices. Any notice, demand, request or any other communication required or desired to be served, given or delivered hereunder shall be in writing and shall be served, given or delivered as provided in the Credit Agreement.

18. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which shall constitute one and the same agreement.

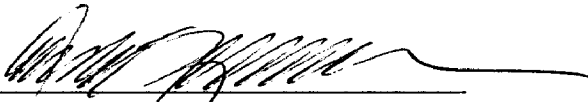
20. Consent to Jurisdiction and Service of Process. The Grantor agrees that the terms of the Credit Agreement with respect to consent to jurisdiction and service of process shall apply equally to this Agreement.

21. **WAIVER OF JURY TRIAL.** EACH OF THE GRANTOR AND THE COLLATERAL AGENT WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE COLLATERAL AGENT AND THE GRANTOR ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EITHER THE GRANTOR OR THE COLLATERAL AGENT MAY FILE AN ORIGINAL COUNTERPART OR COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

22. No Novation. Nothing contained herein shall be construed as a substitution or novation of the security interest granted in the Trademarks, Patents, Copyrights and Licenses under the Existing Agreement, which security interest the Grantor hereby reaffirms. This Agreement and all the Trademarks, Patents, Copyrights and Licenses secure, and shall continue to secure, the payment of the Liabilities.

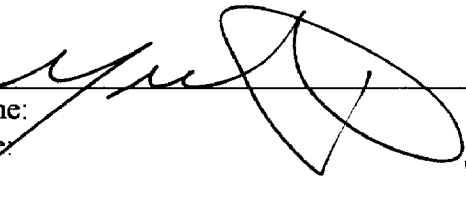
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE COSMETIC FACTORY, INC.

By: 
Name: A. Zimmerman
Title: Pres. + CEO

Accepted and agreed to as of the day and year first above written.

CRÉDIT AGRICOLE INDOSUEZ,
as Collateral Agent

By: 
Name: M. Arougheti
Title: VP

**SCHEDULE A
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT
THE COSMETIC FACTORY, INC.**

Dated as of June 1, 1999

Trademarks, Patents, Copyrights and Material Patent Applications

Pending Patent Disclosures

See attached information

**SCHEDULE B
TO
INTELLECTUAL PROPERTY SECURITY AGREEMENT
THE COSMETIC FACTORY, INC.**

Dated as of June 1, 1999

License Agreements

LICENSES FROM THE GRANTOR TO OTHER COMPANIES

<u>Company</u>	<u>Subject</u>	<u>Term</u>	<u>Royalties</u>
----------------	----------------	-------------	------------------

See attached information

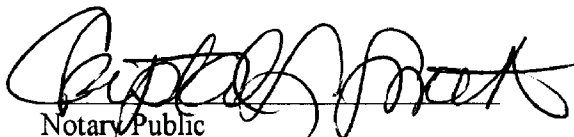
LICENSES FROM OTHER COMPANIES TO THE GRANTOR

<u>Company</u>	<u>Subject/Type</u>	<u>Term</u>	<u>Royalties</u>
----------------	---------------------	-------------	------------------

See attached information

STATE OF NEW YORK)
) SS
COUNTY OF NEW YORK)

On the 31 day of May, 1999, before me personally came Arnold Zimmerman, to me known, who being by me duly sworn, did depose and say that he/she resides at _____; that he/she is a President of The Cosmetic Factory, Inc., the corporation described in and which accepted and agreed to the foregoing instrument; and that he/she signed his/her name thereto by authority of the Board of Directors of said corporation.



Notary Public

CRYSTAL L. SMITH
Notary Public, State of New York
No. 01SM5064974
Qualified in Kings County
Commission Expires August 26, 1998

